

French Avoid Full Apology "Lange Wants Compensation, Agents Tried

Reuters

PARIS — The French government told New Zealand on Monday that it regretted the sinking of the ship Rainbow Warrior had damaged relations between the countries, but it avoided a full apology.

A chronology of the events that followed the Rainbow Warrior's bombing. Page 7.

oay or a promise that the agents involved would be punished.

The External Relations Ministry said that Prime Minister Laurent Fabius had sent a message to New Zealand's prime minister, David Lange, saying he was "truly sorry" for the damage to relations.

The message was given to Mr. Lange along with the text of a statement that Mr. Fabius made Sunday night admitting that agents of the General Directorate of External Security, France's principal foreign intelligence agency, had planted the bombs. The Rainbow Warrior, the Greenpeace environmentalist group's ship, sank in Auckland harbor on July 10.

But French concern over diplomatic damage is unlikely to satisfy demands by New Zealand and Australia that France prosecute the guilty agents and offer a full apology for the attack.

Mr. Fabius said Sunday that the agents involved would not be prosecuted because they had acted on orders.

Mr. Lange accused France of a "sordid act of international state-backed terrorism."

Having elected to declare its direct responsibility, France knows what the consequences will be, he said. He defined them as compensation for the violation of New Zealand's sovereignty, for the death of one crewman on the ship, the cost of police investigations and the loss of the ship. He said this would run into millions of dollars.

Mr. Lange predicted that France would retreat from protecting its agents, adding that the countries are not at war and that, therefore, orders were not a license to commit crimes in another country.

Last month, Mr. Fabius pledged to take immediate legal action if French citizens appeared involved.

Commentators said the government backed off doing this because, if it brought the agents to trial, it would enraged the military and wreck 25 years of patient efforts to restore trust between the

(Continued on Page 2, Col. 7)



Earthquake victims, among the 3,500 known dead, were buried Sunday at San Lorenzo cemetery near Mexico City, as rescue workers continued the search for survivors in the ruins of more than 400 buildings. Page 4.

Mexico Finds Some Hope Amid the Ruins

By Alma Guillermoprieto
Washington Post Service

MEXICO CITY — A few days after the waves of the first earthquake rolled through here, Mexico's dazed residents finally have had time to survey their situation and take stock of what has been saved along with the losses.

Perhaps most important is the realization that the major part of the city survived intact after two earthquakes within 48 hours, Thursday and Friday, that measured 7.8 and 7.3 on the open-ended Richter scale.

Devastating damage was wrought on a few populous neighborhoods, but the quakes struck with almost finicky precision. While about half of the tourist area known as the Zona Rosa was shut down, waterless and dark, restaurants and boutiques on the other side of Niza Street, the major artery, were open for business.

The southern area of the city, which is generally greener, less populated and the favored place of residence of artists and intellectuals, was unscathed. In the colonial section of Coyoacan, the owner of a trendy

restaurant reported that business was brisk as usual.

Most importantly, the historic area of downtown Mexico City, with its palaces and convents, some from the 16th and 17th centuries, survived with relatively little damage, even though the buildings were at the heart of the area hardest hit.

Once again the architects of those massive monuments to the Spanish empire proved their worth.

A local newspaper, Excelsior, quoted Sun-

(Continued on Page 4, Col. 5)

Deng's Policies Challenged Sharply At Close of China's Party Congress

By John Burns
New York Times Service

BEIJING — The Communist Party of China closed its national conference Monday with an unusual public airing of the policy differences that have created tensions between Deng Xiaoping, the reform-minded veteran who is the country's paramount leader, and the downgrading of ideological indoctrination.

Some analysts read one section of Mr. Chen's speech as implying that Mr. Deng, 81, had been too autocratic in imposing his pragmatic, profit-oriented ideas on the economy, not market regulation that means "blindly allowing supply and demand to determine production."

Mr. Deng defended his policies, telling the conference that the seven years of his stewardship had been one of the best periods the country has enjoyed since 1949. "We have set wrong things right," he said, referring to the scrapping of Mao's theories of class warfare in favor of policies that put the emphasis on economic well-being.

At the same time, Mr. Deng appeared to go out of his way to accommodate critics who have accused him of risking the revival of capitalistic.

While promising that his policies "will by no means change," he conceded that there should be more study of Marxist theory, a crackdown on the import and production of undesirable products, and a fresh drive against "the pernicious influence of capitalism."

Mr. Chen, 80, sits with Mr. Deng on the five-member standing committee of the Politburo, the inner group that has a decisive policy voice. He has been Mr. Deng's most persistent critic at the top level, supporting moves away from the rigidities of the Mao era but cautioning against a wholesale abandonment of Marxist orthodoxy.

The government clearly hopes to thus muzzle conservative criticism by making the opposition share the responsibility for any further public disclosures. Closer oversight of the intelligence services by Parliament, which has Communist members, has consistently been rejected by the government and is anathema to the French military.

But the Socialists, who are the principal opposition party, have suffered in the past their share of embarrassing spy scandals, including the 1965 abduction and death in France of Mehdi Ben Barka, a Moroccan leftist leader.

The neo-Gaullists, the principal opposition party, have suffered in the past their share of embarrassing spy scandals, including the 1965 abduction and death in France of Mehdi Ben Barka, a Moroccan leftist leader.

Some doubts about the five-month-old program remain, however.

No government has yet responded to President François Mitterrand's call July 17 to join France in committing a billion francs (\$113.6 million) to Eureka. Leading European industrial companies and bankers say that government and EC financing, even in modest amounts, is a crucial first step in giving Eureka credibility.

The damage to the government's prestige will be tested

middle-aged Deng loyalists at the top.

It ended on a discordant note as Chen Yun, a Marxist conservative, made a brusque speech that challenged Mr. Deng's position on agriculture, the play given to market forces in the economy and the downgrading of ideological indoctrination.

Some analysts read one section of Mr. Chen's speech as implying that Mr. Deng, 81, had been too autocratic in imposing his pragmatic, profit-oriented ideas on the economy, not market regulation that means "blindly allowing supply and demand to determine production."

An economist, Mr. Chen also said that reducing the influence of the party departments that deal with ideology and propaganda had been a mistake, leading to widespread speculation, swindling and bribery, as well as other illegalities in pursuit of personal gain.

There are now some party members who have forsaken socialism and Communist ideals and turned their backs on serving the people, he said.

"In pursuit of their own selfish gain, they put money above all else regardless of the state's and people's interests, to the extent of violating the law and discipline," he added.

Mr. Chen even seemed to hint that Mr. Deng had enjoyed too free a hand in setting policy in recent years.

Addressing himself to the 64 younger officials promoted by the conference Sunday to the party's Central Committee, he urged them to follow the Marxist principle of democratic centralism, which theoretically provides for free-ranging discussion of policy combined with close adherence to decisions.

"Leading bodies at all levels must practice democracy fully and

but until Monday's speech he had never challenged Mr. Deng so directly in public, nor so tartly.

With Mr. Deng seated on the podium nearby, Mr. Chen quoted Mao to warn of possible social disorder if the rapid abandonment of agriculture by tens of millions of peasants is not abated.

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Deng Xiaoping

take heed of the full range of opinions, especially differing ones," Mr. Chen said. "They should discharge their duties according to the party constitution. No individual should try to have the final say."

The criticism took an added edge with the fact that Mr. Chen, unlike some of Mr. Deng's critics, was a purge victim during the Cultural Revolution. He first was named to the Politburo in 1954, more than 20 years before Mr. Deng.

His importance was undermined last week when party spokesmen pointed out that Mr. Deng was two to ten years older than Mr. Chen.

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Death Toll in Gulf War May Be Near a Million

By Drew Middleton
New York Times Service

LONDON — Five years of fighting between Iran and Iraq have resulted in a toll of war dead that may be approaching one million, according to intelligence estimates.

The estimates in London and in other capital cities of the North Atlantic Treaty Organization range from 420,000 to 580,000 Iranian dead, with the number of Iraqi dead put at 300,000.

"We must accept an ultimate casualty total higher than anything experienced in the West since World War II," a senior intelligence official said.

Until recently, it was believed that the combined death toll was about 150,000, but heavier fighting in the last year and information from Iranian defectors has led to the sharply increased estimates, intelligence sources said.

The war is now concentrated on the narrow Strait of Hormuz to oil traffic if Iraq bombing continues. But intelligence sources report there are no indications that Iran has the resources or the will to block the strait. One reason, these sources speculated, is the presence of a U.S. Navy squadron in the Indian Ocean and the probability that in a crisis it would be reinforced by British and French ships.

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200,000 Reported to Flee Tripoli As Moslem Groups Intensify Fight

By Charles P. Wallace
Los Angeles Times Service

BEIRUT — More than 200,000 people were reported to have fled the northern port of Tripoli at heavy fighting between rival Moslem groups entered its second week.

Local press reports said that large areas of Tripoli have been devastated in rocket and artillery exchanges by Moslem fundamentalists and Syrian-backed militiamen.

Police said 21 persons were

killed and 50 wounded Sunday, bringing casualties to 147 dead and 434 injured since fighting began Sept. 15.

The fighting, which has flared intermittently for the past two years, is between a fundamentalist Islamic group, the Tawheed, or Unification, movement and the Syrian-supported Arab Democratic Party.

[Fighting broke out again Monday after the collapse of a cease-fire that was in force for only 12 hours, Reuters reported from Tripoli. There were no new casualty reports. Police said residential districts far from militia battle lines were coming under artillery fire.]

More than 200,000 of the half-million residents of Tripoli, the second largest city in Lebanon about 50 miles (80 kilometers) north of Beirut, had fled to safer areas nearby, according to police.

The damage to homes and shops in the center of Tripoli was described as "beyond imagination."

Diplomats have tended to regard the fighting as a proxy battle between the Syrians and Mr. Arafat, who have become bitter enemies.

The Arab Democratic Party has demanded as a key element in any peace plan that the harbor be turned over to the Lebanese army under Syrian supervision "to stop the Arafat clique from infiltrating the city with their weapons."

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Moslem militiamen fire on rival Arab Democratic Party forces on Sunday from behind a sand barrier in Tripoli.

Mubarak To Press Reagan on PLO Talks

The Associated Press

WASHINGTON — President Hosni Mubarak of Egypt was expected to renew his call for a U.S. dialogue with the Palestine Liberation Organization in meetings Monday with President Ronald Reagan and other administration officials.

Mr. Mubarak, who arrived Saturday, began a day of talks with an appeal to Defense Secretary Caspar W. Weinberger for the United States to expedite delivery of weapons. Egypt, using interest-free U.S. loans, purchases about \$1 billion in American arms annually.

An Egyptian official said the main purpose of the visit was to express to Mr. Reagan "the feeling that things have to keep moving."

The official, who requested that his name not be used, also said that Mr. Mubarak would report to the president on his talks last week with King Hussein of Jordan.

Before the White House meeting, the Egyptian leader had lunch with Vice President George Bush and met during the day with the U.S. trade representative, Clayton Yeutter, and M. Peter McPherson, the director of the U.S. Agency for International Development.

The United States is holding to its policy of refusing to negotiate with the PLO until it accepts the Jewish state's right to exist.

Britain broke ranks last week as Prime Minister Margaret Thatcher said her government would meet with two PLO officials to promote a peace plan worked out by Hussein with Yasser Arafat, the chairman of the PLO.

But a senior Reagan administration official said that was not a guideline the United States intended to follow in pursuit of Arab-Israeli peace talks.

The Hussein-Arafat plan calls for meetings between the United States and a mixed Jordanian-Palestinian delegation before peace talks with Israel can begin. Also, the king and Mr. Arafat want the negotiations held at an international conference, with the participation of the Soviet Union.

The administration, after the Sunday meeting committed the United States to continuing efforts to reduce the U.S. federal budget deficit and also committed Japan to continue liberalizing its financial markets. But government officials in Paris, Bonn, London and Brussels on Monday discounted reports in the United States that the five governments agreed to pursue more expansionary economic policies.

Mr. Pohl said "we were never asked" to change monetary and fiscal policy, although he added that a strengthening of the Deutsche mark will increase the room for maneuver for further cuts in interest rates in West Germany, which could stimulate investments and possibly consumption.

Earlier on Monday, amid a falling dollar and a substantial rise in the price of gold, Mr. Baker said that there had been no U.S. intervention, while West German sources said that the Bundesbank, for the first time since Feb. 20, had sold \$8 million at the morning fixing. That amount was very modest, West German sources said.

The last major attempt to curb the dollar's strength occurred last February when West European central banks, primarily in West Germany and France, spent about \$10 billion. Currency market volume is estimated at more than \$100 billion daily.

"The Group of Five deal on the dollar will finally drive the dollar to the wall," said James Capel & Co., a London stockbrokerage firm, in a report Monday. It predicted that the dollar would fall to 2.60 DM and 220 Japanese yen by the end of the year.

(Bob Haggerty in London and Warren Geller in Frankfurt contributed to this report.)

Drought Hits Lourdes Source

Reuters

Reagan Plans Trade Action

(Continued from Page 1)

ought to be greeted with considerable enthusiasm" in Congress by responsible members of the legislative community, a senior administration official said. But he added, "it will not satisfy the protectionists."

While much of the president's program focuses on addressing a major complaint of American businessmen that other countries do not allow them the same access to their markets that the United States allows foreigners, the administration officially acknowledged that unfair trade practices by others account for no more than 10 percent to 20 percent of the trade deficit.

The overvalued dollar, attacked at a meeting Sunday of finance ministers and Central Bank heads from the five leading industrial nations, was cited as being responsible for 50 percent to 80 percent of the trade deficit, the administration official said.

U.S. Keeps Cool on Less Cash

The Associated Press

WASHINGTON — Americans saved more than \$13 billion in air conditioning costs this summer because of cooler-than-normal weather, according to a report by the National Oceanic and Atmospheric Administration. The savings were about 4 percent of the expected cost.

WORLD BRIEFS

U.S. College Entry Test Scores Are Up

NEW YORK (AP) — Scholastic Aptitude Test scores in the United States have posted their biggest gains in 22 years, led by a strong upsurge by Mexican-American and Puerto Rican students, the College Board announced Monday.

The test, which is taken by a million American high school seniors, is sponsored by the College Board, an association of about 2,500 high schools and colleges. The test is an entrance requirement at most colleges and universities. A perfect score is 1600.

The average score in 1985 rose nine points to 906 — the largest yearly jump since 1963 when scores rose nine points before beginning a 22-year slide. But the board pointed out that the 1963 average was 980, or 74 points more than this year. Puerto Rican students had the 1985 biggest gain of any group, up 16 points to a 96 average, followed by Mexican-Americans, up 12 points to 808. Both groups still rank below the 906 point national average.

Lange Sees Thaw in Dispute With U.S.

WELLINGTON, New Zealand (Reuters) — The United States has started to show signs of flexibility in talks with New Zealand that are intended to settle a dispute over Wellington's anti-nuclear policies. Prime Minister David Lange said Monday.

Mr. Lange said that after initial talks broke up with no apparent prospect of agreement, U.S. officials had indicated in meetings last week in Washington with New Zealand's deputy prime minister, Geoffrey Palmer, that it did not want to see relations between the two countries deteriorate further.

Relations have been strained since February, when New Zealand blocked a visit by a U.S. destroyer because the United States refused to confirm or deny whether the ship was carrying nuclear arms. That led the United States to halt most military cooperation under the ANZUS, the Australia-New Zealand-United States defense pact.

Turk in Papal Trial Is Given an Alibi



Abdullah Catli

Salvadoran Abductors Drop Conditions

SAN SALVADOR (UPI) — The kidnappers of President José Napoleón Duarte's daughter have dropped some of their conditions and are willing to begin negotiations for her release in return for jailed comrades, sources said Monday. The abductors had earlier demanded an end to government military operations.

The sources, who spoke on condition that they not be identified, said government representatives and the kidnappers were to communicate by radio Monday night. They said this could be the beginning of talks for the release of Inés Guadalupe Duarte Durán, a companion, who were seized Sept. 10 by gunmen here.

A group calling itself the Pedro Pablo Castillo Front has taken responsibility for the action. It reportedly belongs to one of the five factions in the Farabundo Martí National Liberation Front, the main guerrilla organization fighting the U.S.-backed government in El Salvador.

West German Doctor Defects to East

BONN (AP) — A West German physician defected to East Germany early this month and is under investigation as a spy suspect, the Federal Prosecutor's Office said Monday.

A spokesman declined to identify the doctor by name, but said that he had been working in the pharmacology research department of the university hospital in Mainz and wrote a letter to the university saying he had gone to East Germany with his 13-year-old daughter.

The spokesman declined to link the case with the wave of defections and arrests in the current West German spy scandal.

Philippines City Paralyzed by Violence

MANILA (WP) — A journalist and a policeman were among five persons shot and killed Monday at the start of a two-day general strike that paralyzed Davao City in Mindanao, 600 miles (about 1,000 kilometers) south of Manila. One person was wounded.

Radio reports in Manila said the policeman who was killed was trapped by armed men. The journalist, a pro-government magazine editor, was killed at his home. Three civilians were killed in unclear circumstances. Davao was without any public transport and stores, offices and schools were closed. The provincial capital has been described by military authorities as a testing ground for urban guerrilla warfare by the Communists.

For the Record

Arthur Scargill, president of Britain's National Union of Mineworkers, was elected Sunday president of the new International Organization of Miners.

A 21-year-old man was charged Monday in Birmingham, England, with the murder of two Asian brothers, whose bodies were found in a post office set on fire during riots in the city two weeks ago.

Finance Minister Roberto Junquera of Columbia has resigned and has been replaced by Hugo Palacio, governor of the Central Bank. President Belisario Betancur said Sunday. He said Mr. Junquera would become ambassador to France.

Three former Thai military officers alleged to have plotted a coup Sept. 9 in Bangkok apparently have given up on seeking visas to enter the United States, the State Department said Monday.

Peace talks between Uganda and the rebels of the National Resistance Army will resume Tuesday, Kenya announced Monday.

France AVOIDS Full Apology

(Continued from Page 1)

He said there would be no attempt to enter the zone until other Greenpeace boats arrived. France has said that it is prepared to use force to keep out the fleet.

Files Reported Destroyed

Key documents in the investigation of the Rainbow Warrior's bombing have been destroyed, United Press International reported, sources close to the French government as saying Monday.

These sources said that the new defense minister, Paul Quilès, became aware Saturday that the documents had been destroyed. A day earlier Charles Hernu resigned the post amid mounting evidence of high-level French involvement in the bombing.

Mr. Quilès has asked the secret service to ensure that all documents relating to the case be "completely restored," the sources said.

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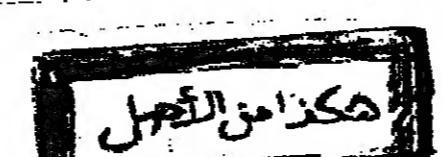
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Hope Wanes for Thousands Buried in Mexico Rubble

Compiled by Our Staff From Dispatches

MEXICO CITY — Survivors of the two earthquakes that left much of Mexico City in ruins buried their dead Monday and continued their search for survivors, but hope of finding many more alive ebbed as the hours passed.

Rescue teams found several more survivors Monday in the ruins of more than 400 buildings that collapsed during the earthquakes Thursday and Friday.

The known death toll in the earthquake remained at about 3,500, but estimates of the eventual toll here and in outlying areas were as high as 20,000.

The Mexican government, after refusing help for the first two criti-

cal days of the disaster, began accepting offers of relief over the weekend.

The International Monetary Fund pledged \$800 million in credits and the Red Cross sent medical supplies and other necessities.

Rescue workers from the United States, Canada, France and West Germany continued to arrive Monday, joining their Mexican counterparts who had been working since the first quake struck Thursday.

World leaders, including Pope John Paul II, sent condolences and offers of aid.

Nancy Reagan, wife of President Ronald Reagan, arrived from Washington to inspect the damage and offer American help.

Rescue teams were digging for

Mrs. Reagan paid a three-hour visit, carrying a letter to President Miguel de la Madrid from her husband. She was accompanied by Elliott Abrams, assistant secretary of state for inter-American affairs, and M. Peter McPherson, director of the U.S. Agency for International Development.

In Geneva, the United Nations Disaster Relief Organization announced Monday an international appeal for hospital equipment to help treat the estimated 15,000 injured.

The agency said that 28,000 persons remained unaccounted for after the quake but that many were believed to be in hospital.

Rescue teams were digging for

about 2,000 victims still believed to be trapped under collapsed buildings, it said.

Between 20,000 and 30,000 people were in need of food, clothing, medical care and shelter, the agency said.

It called for helicopters to help remove the rubble from collapsed buildings, and for 1,000 oxygen tanks urgently needed by rescue teams.

Plasma was urgently needed, it said, as well as hospital supplies including surgical instruments and equipment for operating rooms.

The UN disaster relief agency

said that Mexico City's main maternity hospital had been evacuated because it was badly damaged.

About 10,000 homeless found refuge in 65 shelters opened in a university, schools and other buildings.

A U.S. Embassy spokesman said four U.S. canine teams were helping rescue teams search for 500 to 700 people believed trapped when a 12-story wing of Benito Juarez Hospital collapsed.

At the Topeka and Anabel clothing factories, just south of central Mexico City, about 70 workers remained trapped beneath massive slabs of concrete.

They could be heard moaning and pleading for help after Thursday's earthquake, but there was no organized rescue effort until Saturday.

Dr. Roberto Yanez Vazquez, in charge of the rescue effort, said late Sunday that it was not known if they would find anyone alive.

Meanwhile, police reported that armed gangs masquerading as relief workers were raiding sections of the city.

Officers said Sunday night that the looters sped through roadblocks in cars marked with red crosses to pillage jewelry shops, businesses and homes left unguarded.

Mayor Aguirre Velasquez said, "We will act without mercy against such criminals since these kinds of actions are condemnable under the conditions that now exist."

Police said they had arrested more than 20 people, and troops, deployed to keep order after the city was declared a disaster zone, detained more.

Hundreds of people have flocked to the scenes of destruction, making it difficult for officers to distinguish between potential looters and the 50,000 genuine emergency workers.

The Mexican federal district attorney's office announced 1,000 newly confirmed deaths from the quake, bringing the official death toll in the capital to 2,832. Several hundred people were believed to have been killed along the Pacific coast.

(AP, UPI, Reuters)

■ Cultural Treasures Spared

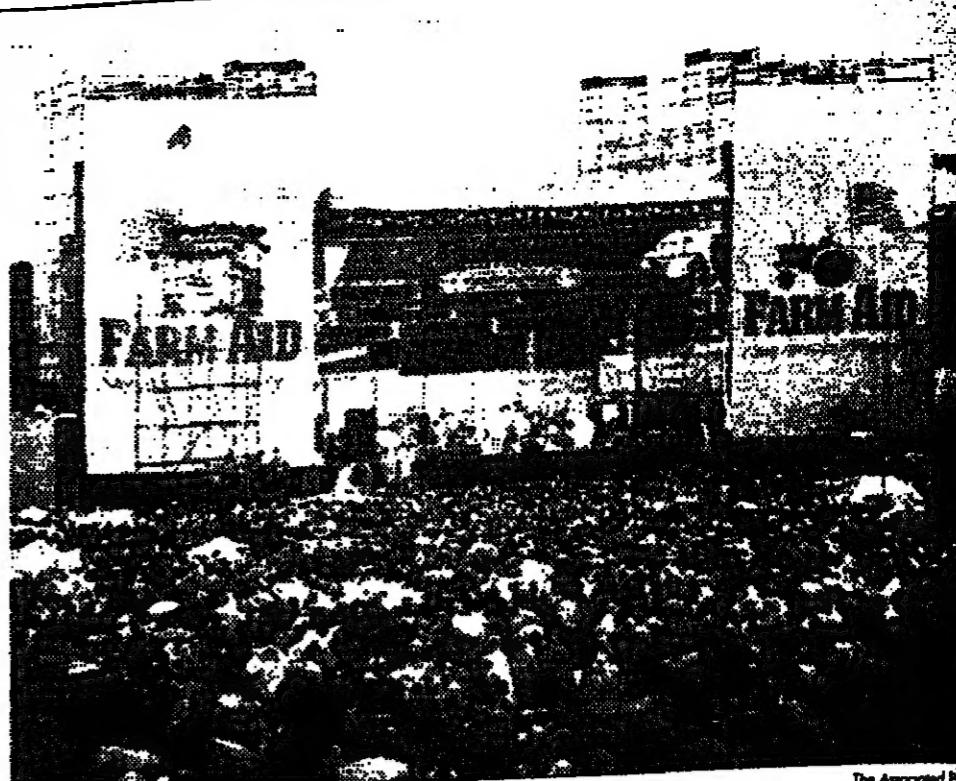
Many cultural treasures and monuments in and near Mexico City were unscathed or only slightly damaged by the two earthquakes. The Associated Press reported Monday.

The pyramids at Teotihuacan, 15 miles (25 kilometers) north of Mexico City, were untouched. The pyramids were constructed by a civilization that flourished from 300 to 900 A.D.

Mexico City's National Museum of Anthropology, which contains one of the finest collections of artifacts from pre-Columbian civilizations, survived intact.

Bellas Artes, a palace that houses an art museum and theater across from Alameda Park in the capital's center, was also undamaged.

The Cathedral of Mexico and the nearby Templo Mayor Azteca were spared. In the city's Zocalo, or main plaza, only minor damage was apparent.



The Associated Press

Part of the crowd of 70,000 country, rock and blues music fans at the Farm Aid concert.

Concert Raises 'Seed Money' for Farm Debt

Los Angeles Times Service

CHAMPAIGN, Illinois — In retrospect, mix that a Farm Aid crowd of 70,000 heard at the University of Illinois stadium may have been one of the most daring pop-cultural exercises since Woodstock.

The concert had generated telephone pledges of \$3 million by mid-afternoon Sunday. Promoters said the concert had also raised more than \$4 million from corporate donations, the sale of cable television rights and the sale of 78,000 concert tickets.

Governor James R. Thompson of Illinois said: "I think the nation is talking about the American farmer today. So this con-

cert has already succeeded without distributing a penny. I think maybe you'll see a little better farm bill."

This week, Congress considers a farm bill that could mean as much as \$50 billion in subsidies, loans and other aid for family farmers in the United States.

Merle Haggard, whose planned Farm Aid train was derailed due to a lack of corporate underwriting, said that he would make a train ride next April from California to Washington. He invited the more than four dozen acts who appeared on the Farm Aid stage to meet him there for a continuation of Sunday's concert.



The Associated Press

Johnny Cash, left, and Waylon Jennings performing at the Farm Aid concert in Illinois.

Oregon Commune Reportedly Had Bugging Network

The Associated Press

RAJNEESH PURAM, Oregon — Law officers have uncovered an extensive system of electronic surveillance at the central Oregon commune of an Indian guru, Bhagwan Shree Rajneesh, The Oregonian newspaper reported Monday.

Equipment found at Rajneeshpuram is "evidence of the most massive wiretapping and bugging episode ever in Oregon history," said State Attorney General Dave Frohnmayer, the paper reported.

Since the departure Sept. 14 of several of the guru's top aides, Mr. Rajneesh and others have made allegations of crimes ranging from wiretapping to arson at the commune's 1,200 people.

A task force of state and local police is investigating the allegations of criminal activity. Citing unidentified law enforcement officials, the newspaper said the police at first doubted many of the accusations but said enough evidence has been produced to take them seriously.

The commune's chief purchaser, Deva Avaga, said the man who bought the listening equipment had the authority to order it directly. Mr. Avaga said she did not know what it was for. "I knew that it was something that had to do with security," she said.

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buildings were destroyed or were slated for demolition. Most of them were in overcrowded, working-class neighborhoods in the city's center.

Their loss will simply add to the squalid living conditions in those areas. Reconstructing the disrupted water and sewage systems will further strain neighborhoods where water is regularly hoarded against dry spells.

A spokesman for the department

of the federal district, the equivalent of city hall, said Saturday that many of the water mains in the affected areas dated from colonial

Earthquake Simulator Will Help Researchers

The Associated Press

LA JOLLA, California — A huge earthquake simulation laboratory is being built at the University of California at San Diego to provide insights on exactly how young kids volunteer for the rescue brigades, how even children manage to direct traffic so efficiently it has been like a balm."

An artist, Gonzalo Ceja, said Saturday, "I was beginning to lose faith even in our character. But watching people cooperate, seeing how young kids volunteer for the rescue brigades, how even children manage to direct traffic so efficiently it has been like a balm."

Any analysis of the disaster's sequels in this city of 18 million has to take into account the shambles that already existed before the earthquake.

According to Mayor Ramón Aguirre's preliminary assessment Saturday of the quake's damage, about 800 residential and office

times and are not charted. Simply finding the network will be a slow, costly operation.

Officials from the national phone company union said Saturday that re-establishing service would take at least two months. The equipment at the two main telephone offices downtown was irreparably damaged.

According to scientific estimates, the city's pollution results in as many as 100,000 fatal illnesses a year. The loss of Mexico's largest hospital complex, the Centro Medico, which provided advanced, free health care for thousands, could result in even more deaths than the 900 A.D.

For a government squeezed into a tight financial corner by a \$100-billion foreign debt, rebuilding the medical center and restoring public services will drain funds that might have been used to deal with the city's chronic problems.

There is a Mexican saying to the effect that a fallen man generally gets kicked. It was on the mind of a planning official who mentioned Saturday that one of the government buildings hit by the quake collapsed on top of the computer where much of next year's budget was being processed. "This (explosive deleted) country never gives us a break," he muttered.

But like so many of his fellow residents he was planning to report for work Monday to start all over again.

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جذب العمل



Prime Minister Rajiv Gandhi toured Punjab on Monday with a reinforced security guard.

Car Bomb Kills 3 Hindu Children In Pre-Election Violence in Punjab

AMRITSAR, India — Three Sikh political party, the Akali Dal. They were set off by sophisticated magnetic bombs with timers following the detonation of a booby-trapped transistor radio that killed three persons in New Delhi on Sunday.

The explosions, which also injured two persons, hit cars belonging to candidates or supporters of Prime Minister Rajiv Gandhi's Congress (I) Party and of the main

Congress politician, a bomb exploded in Amritsar near a car belonging to Brij Bhushan Mehta, the last speaker of the Punjab assembly.

Bombs also exploded in the constituency of two Akali Dal politicians. The Amritsar deputy inspector general of police, Narpat Singh, a youth who was injured when a bomb went off in his hand alerted authorities to the planned attacks before the election.

On Monday the first opinion poll on the election put Mr. Gandhi's party ahead, forecasting it would capture 37 percent of the vote, against 30 percent for the Akali Dal.

The wave of attacks began shortly after midnight in the western Punjab village of Dogarbhati, a stronghold of Jarnail Singh Bhindranwale, an extremist leader who died when the Indian military last year stormed the shrine of the Golden Temple in Amritsar.

Police said the three children were killed when a bomb blew up an unoccupied car belonging to Sheila Dikshit, a Congress national parliamentarian campaigning for her party's candidate in the northern Punjab town of Batala.

In another attack on a leading

Alfonso Makes Offer To Britain on Falklands

BUENOS AIRES — President Raúl Alfonsín says that he is prepared to end the state of war with Britain over the Falkland Islands if Britain agrees to discuss the conflict.

Mr. Alfonsín, speaking Sunday during his return flight from a 10-day trip to Yugoslavia, West Germany and France, said he had made the offer at a meeting in Paris with Neil Kinnock, the leader of Britain's opposition Labor Party. Mr. Alfonsín said he had not received a reply from London, and that he did not think an end to the official state of war was near.

A declaration of independence

Now there is a luxury car for drivers who need more room but accept no compromise. To begin with it has five doors. It carries five adults in unbeaten safety and comfort. It performs and handles like a thoroughbred with the additional edge of superb Volvo predictability. There is a complete choice of power engines. Petrol, Petrol-Turbo, Turbo-Diesel. It has the same impressive list of standard features as the four-door version. And not least - it is just as beautifully quiet inside. We call it an Estate. Although that doesn't give you the whole picture. Perhaps we should have called it a five-door luxury sedan. You name it. Whatever you call it, it's your declaration of independence.

Pretoria Plans to Move Blacks

Zulu Chief Opposes Removal of 42,000 From White Zones

Compiled by Our Staff From Dispatches

DURBAN, South Africa — A South African commission announced a plan Monday to remove thousands of blacks from designated white areas to a restaged Zulu tribal homeland in the eastern part of the country.

The proposal, made by South Africa's Cooperation and Development Department, drew immediate criticism from Gwala Buthelezi, chief minister of the KwaZulu homeland, and from white political leaders and businessmen in Natal province, who said the plans would provoke serious unrest.

The South African government, amid violent protests of its apartheid policy of racial separation, announced earlier this year a moratorium on forced removals of nonwhites living in designated white zones. That decision would have to be withdrawn if Monday's recommendations are to be carried out.

The government-appointed commission announced after five years of deliberations that 42,000 blacks would be moved to KwaZulu in a process of consolidation under apartheid of geographically fragmented black homelands.

KwaZulu is one of 10 black homelands created along tribal lines by South Africa's white authorities. Four of the homelands have been declared independent by rebels of the National Union for the Total Independence of Angola, or *UNITA*.

In Lisbon, *UNITA* said Monday that it had pushed back Angolan government forces during heavy fighting north of Mavinga, in southern Angola.

REUTERS

Angolan Action Defended

South Africa defended Monday's latest incursion into Angola and admitted that three soldiers were detained in Mozambique. Reuters reported from Johannesburg.

Radio South Africa said: "Diplomatically, it is Angola which should be in the dock for breaking faith."

The United Nations has condemned South Africa for sending troops into Angola last week in what Pretoria said was pursuit of guerrillas from South-West Africa or Namibia. Angola said the invasion was to thwart its offensive against anti-government rebels supported by Pretoria.

In the case of the three South African soldiers picked up in Mozambique, Pretoria acknowledged that technically it had violated its peace accord with Mozambique. An army spokesman said the men had gone absent without leave 11 days ago.

South Africa said Sunday that it had pulled out the 500 troops it had sent into Angola. On Monday, an army spokesman declined to comment on Angolan reports that a South African-led battalion was still across the border, backing rebels of the National Union for the Total Independence of Angola, or *UNITA*.

In Lisbon, *UNITA* said Monday that it had pushed back Angolan government forces during heavy fighting north of Mavinga, in southern Angola.

REUTERS

MOSCOW — A Soviet man who

asked him to help 20 Russians join their spouses in the United States has been arrested outside the U.S. Embassy and charged with "petty hooliganism," according to his mother.

Sergei Petrov, 32, was detained as he tried to enter the embassy for a meeting with a consular officer on Thursday and was led away by two uniformed Soviet guards, witnesses said.

He was sentenced to two weeks in a labor camp, his mother said Saturday.

Mr. Petrov, a free-lance photog-

rapher, received a reply from Mr.

Reagan last week in which the pres-

ident said he would try to help the

couples. Mr. Petrov's mother said

she believed he was carrying the

letter when he was arrested.

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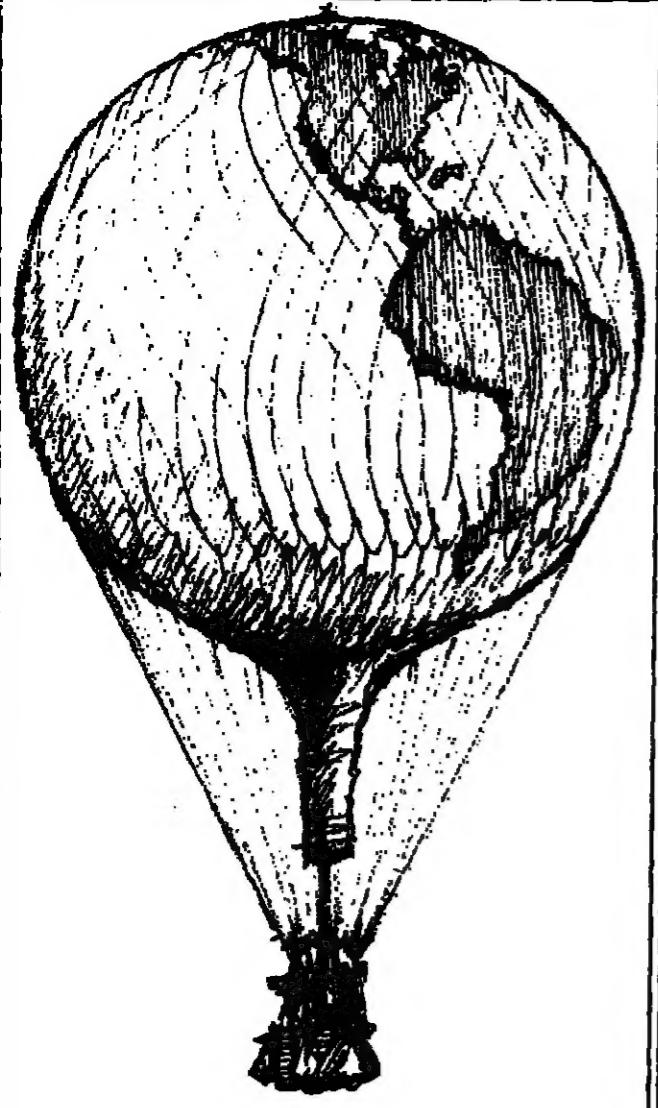
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JAMES GORDON BENNETT BALLOON RACE

Geneva,

September 28/29, 1985

The world's most prestigious balloon race was created in 1906 by James Gordon Bennett, Jr., founder of the International Herald Tribune.

That year, a quarter of a million spectators watched sixteen gas-filled balloons from 6 countries rise from the Tuileries Gardens in Paris. The object of the race: fly the farthest distance before landing.

The rules haven't changed over the years, and the departure of the 1985 Gordon Bennett Balloon Race from Geneva will be equally spectacular: an illuminated night take-off.

Eighteen balloons from 11 countries will participate. Held at the Centre Sportif in Vessy, just outside Geneva, the Saturday night take-off will be the highlight of a weekend of aeronautic events.

Admission: F.S. 10 valid for both days. For additional information, contact the International Herald Tribune in Paris, Tel. 747 1266, ext. 4566, or Patrick Kearney in Geneva, Tel. 983 862.

Program

Friday, September 27 - Fireworks

10 p.m. - Fireworks launched from a hot-air balloon, Parc des Eaux-Vives.

Saturday, September 28 - Gordon Bennett Balloon Race Take-off

11 a.m. - Opening ceremony. Veteran Car Club Parade.

12 - 6 p.m. - Inflation of gas balloons for the Gordon Bennett Race. Tethered hot-air and gas balloon flights for the public. Flight demonstrations.

8 - 10 p.m. - Illuminated take-off of the 1985 Gordon Bennett Balloon Race.

Sunday, September 29 - Gordon Bennett

Fight Fiesta

8:30 a.m. and 4 p.m. - Mass ascension of hot-air balloons.

9 a.m. - 6 p.m. - Fight demonstrations: replica of the first hot-air balloon flown in 1783, hot-air airship, hang gliders launched from a hot-air balloon, stunt flying, miniature hot-air balloons, airplane and helicopter models, gliders, Martini acrobatic team. Tethered hot-air balloon flights for the public.

6 p.m. Closing ceremony.

Eureka Starts With Caution and Optimism

(Continued from Page 1)
France's largest telecommunications company, to suspend negotiations with American Telephone & Telegraph Co. that could have established a joint venture between the two companies in advanced telephone switching. The government told CGE to explore first a similar arrangement with European companies under Eureka.

"We may not be moving as fast as some would like but we are moving," said Lutz G. Stavenhagen, West Germany's minister of state for European affairs. "Eureka is unique and perhaps difficult to understand," said Mr. Stourdze, who is coordinating French government participation with other governments.

The signal for our concrete participation will be given at Hannover," said Mr. Stavenhagen. Chancellor Helmut Kohl will be address the conference.

The projects most likely to come out of Hannover involve electronics, robotics, the environment and new materials, officials said.

"We have made unusually fast progress, considering how slow European cooperation is," said Jacques Battistella, an executive of Matra, an important defense contractor.

The French company is establishing several Eureka projects: in the field of compact computers with Norsk Data, a Norwegian company, and in laser and space technology with Messerschmitt-Bölkow-Blohm, the German aerospace company. These also may be adopted at Hannover.

What is supposed to happen under Eureka," said Yves Stourdze of France's Research and Technology Ministry, "is that an idea for a project surfaces and, if it makes sense and financial backers can be found, it is given political and government, or EC, financial backing."

"Once it is launched, we move on to other projects, involving not always the same partners, which is why Eureka is unique and perhaps difficult to understand," said Mr. Stourdze, who is coordinating French government participation with other governments.

In Bonn, officials said, environmental groups, union and opposition leaders have raised questions about the program. Union leaders, for example, say Eureka should emphasize creation of jobs.

"Unlike our French colleagues, who are in a hurry to launch industrially, even military related strategic projects, we have to deal with the concerns of other political interests here, such as the environmentalists," said a German official.

He and other German officials said they viewed Eureka as a broad response to the Strategic Defense Initiative and there probably would be contracts for companies working on both programs, which could be placed under an umbrella agreement between Bonn and Washington being drafted.

But the officials also conceded that making progress on Eureka was difficult, since most companies were still trying to assess how they

would organize their participation in Eureka and SDI, and many clearly prefer the U.S. program. "The money and the organization are available under SDI," said a German executive.

"What we fear is that SDI research contracts to German companies could tie up their research manpower on classified, U.S. military projects with little spinoff for civilian use," said a spokesman for West Germany's Research and Technology Ministry.

Siemens AG, West Germany's largest electronics company, was part of a delegation that recently returned from a trip to the United States to explore SDI participation.

Siemens is also assessing possible participation in Eureka projects with Thomson of France, Philips NV of the Netherlands and General Electric Co. of Britain.

"We are interested in both projects," a company spokesman said, "but we still do not know what Eureka is about and will be looking to see what comes out of the Hanover conference."

The Siemens spokesman and a spokesman at Philips emphasized that government financing from other countries would play a determining role in whether they participate in electronics ventures now under discussion.

"We are still talking," the Philips spokesman said, "but the main decisions on specific support measures should be taken by governments and, with the exception of France, this has not yet happened."

Eureka also is supposed to be a vehicle to breathe new life into the EC's slow efforts to reduce national barriers to the introduction of high technology products from outside suppliers. For example, electronics ventures being discussed by Thomson, Siemens, Philips and General Electric would be targeted for favored treatment by government purchasing agencies.

At the July meeting in Paris, Britain proposed adoption of a "Buy European" private procurement policy to match the Buy America Act in the United States. The act requires that government agencies give preferential treatment to U.S.-produced goods.

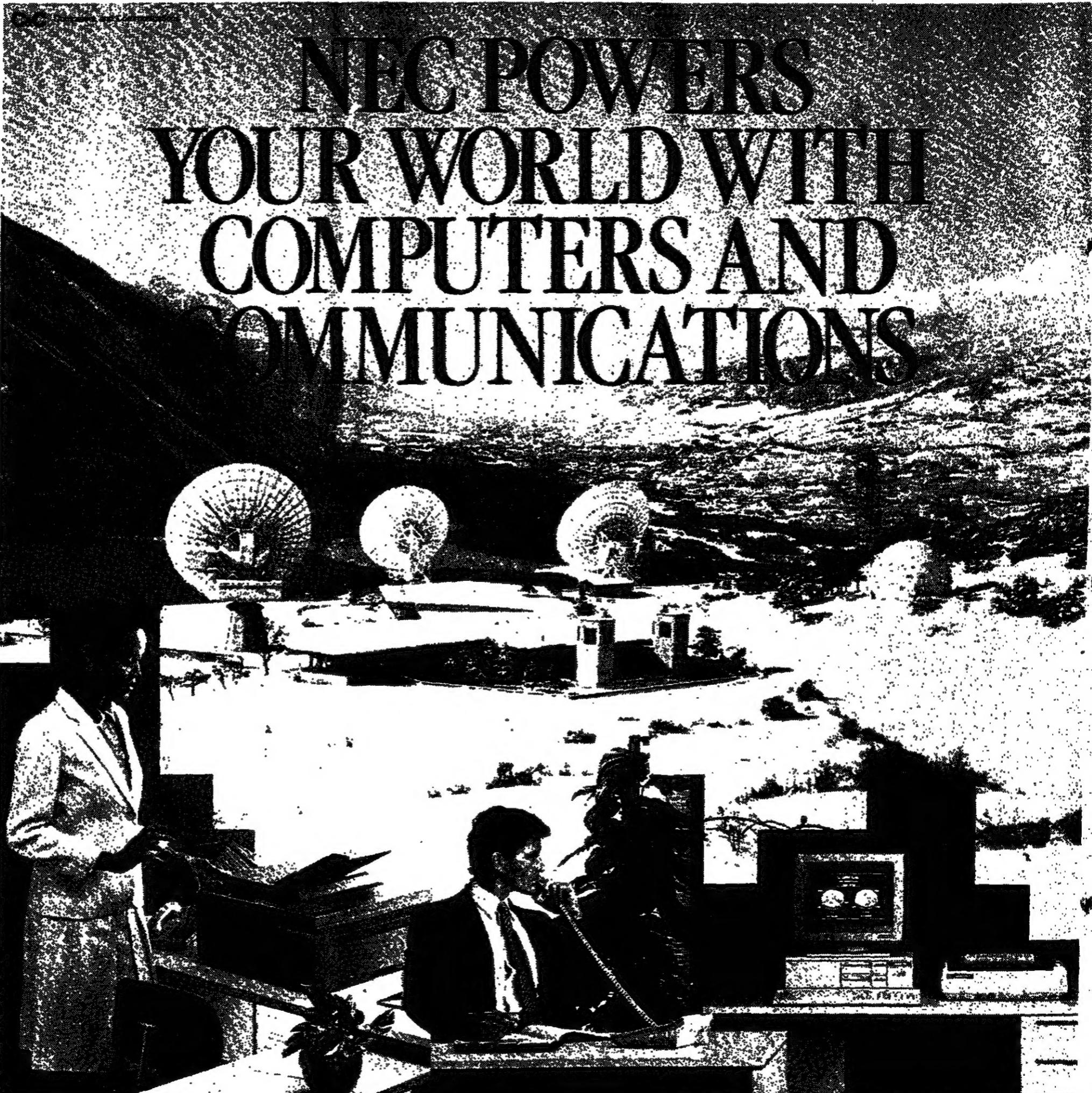
"Governments can provide the framework," said a senior British official, "but the key to success is mobilizing private-sector financial institutions behind Eureka."

Each of the participating governments has been asked to name two delegates from industry and banking to attend the meeting, which will be addressed by Sir Geoffrey Howe, Britain's foreign secretary and an early Eureka supporter.

NATO Pipeline Is Bombed

Reuters

LIMBURG, West Germany — A bomb damaged a North Atlantic Treaty Organization fuel pipeline near Limburg early Monday, police said. No one was injured and there was no immediate claim of responsibility.



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NEC



AN ELECTION RACE — Prime Minister Wilfried Martens of Belgium, an ardent cyclist who had open heart surgery in 1983, campaigned Monday in Ghent for the general elections on Oct. 13. His center-right coalition is involved in a close race, partly because of its decision to permit U.S. cruise missiles to be installed.

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The Chronology of Events Following Ship's Sinking

New York Times Service

July 10 — The Rainbow Warrior, a 160-foot ship belonging to the environmentalist group Greenpeace, is sunk by two explosions in Auckland, New Zealand. A crewman, Fernando Pereira, a Portuguese-born photographer and Dutch citizen, killed.

July 11 — New Zealand police determine that the ship, which was to lead a flotilla to the Pacific atoll of Mururoa to protest French nuclear testing there, was sunk by two bombs placed on its hull.



Admiral Pierre Lacoste

July 12 — New Zealand police begin looking for a French-speaking man whom the crew of the Rainbow Warrior reported seeing near the ship before the explosions, and arrest a French-speaking man and woman with false Swiss passports.

July 24 — The man and woman, identified as Alain Jacques Turenne, 33, and Sophie Frédérique Claire Turenne, 36, are charged with murder, arson and conspiracy to commit arson. A statement from the French Embassy in Wellington condemns the bombing and says that Paris was "in no way involved."

July 26 — New Zealand police issue warrants for three crew members of a French-registered yacht, the *Ouvia*, believed to be somewhere in the Pacific. It was chartered in the French island territory of New Caledonia and was seen leaving Auckland the day before the Rainbow Warrior was sunk.

Aug. 8 — Prime Minister Laurent Fabius announces that France has begun an official inquiry into the sinking of the Rainbow Warrior. Bernard Tricot, a respected Gaullist senior civil servant, is to lead the investigation.

Aug. 10 — The state-owned

French radio says that the two persons arrested in New Zealand were part of a Defense Ministry security team sent to collect information about the Greenpeace vessel, but that they were not involved in its sinking.

Aug. 26 — Mr. Tricot concludes his investigation, reporting that France bears no responsibility for the sinking of the Rainbow Warrior. Prime Minister David Lange of New Zealand calls the report "so transparent it could not be called a whitewash."

Aug. 27 — Mr. Fabius asks New Zealand to turn over "all the facts" it has on the case to French judicial authorities. He also says that he has ordered Defense Minister Charles Hernu to pursue an inquiry into "shortcomings" in the General Directorate of External Security, the French foreign intelligence service, that were pointed up by the Tricot report.

Sept. 17 — The French newspaper *Le Monde* reports that two French military divers working for the intelligence agency sank the Rainbow Warrior, and that Mr. Hernu and his top aides apparently ordered the operation or at least knew of it.

Sept. 18 — Mr. Hernu maintains that he is innocent, but ac-



Two French agents, Major Alain Mafart and Captain Dominique Prieur, who entered New Zealand as Alain Turenne and Sophie Turenne on false Swiss passports, have been charged in the Greenpeace ship's sinking.

knowledges that he authorized a team of five agents to go to New Zealand to monitor the protesters. He also says that he will be "intransigent" in his search for the truth and "pitiless" if it turns out that a member of the French government took part in the cover-up. He calls reports that French military officers took part in the bombing a campaign of "rumor, insinuation and calumny."

Sept. 19 — President François Mitterrand orders an overhaul of the French intelligence agency.

Sept. 20 — Mr. Hernu resigns and the head of the intelligence agency, Admiral Pierre Lacoste, is dismissed after he refuses to identify French agents sent to New Zealand.

Sept. 22 — Prime Minister Fabius admits that French agents were responsible for the sinking of the Rainbow Warrior.

Moscow Unresponsive On Arms, Shultz Says

The Associated Press

UNITED NATIONS, New York — Secretary of State George P. Shultz accused the Soviet Union on Monday of failing to respond to what he described as "far-reaching proposals" by the United States for an arms control agreement in Geneva.

"We have offered trade-offs and made clear our readiness to take account of legitimate Soviet concerns to obtain an agreement that would enhance strategic stability and strengthen deterrents," Mr. Shultz said.

"Thus far the Soviet Union has not negotiated with a responsiveness that the talks require," he said.

Among U.S. proposals at Geneva, he said, are a reduction by almost one-half of strategic ballistic missile warheads and "elimination of the whole class of U.S. and Soviet" intermediate-range missiles.

"We repeatedly have stressed our readiness for give-and-take, and to consider alternative proposals," Mr. Shultz said.

His remarks were made in an address for the opening session Monday of the 40th UN General Assembly. Mr. Shultz will meet this



George P. Shultz

week in New York with the Soviet foreign minister, Eduard A. Shevardnadze.

Mr. Shevardnadze is scheduled to go to Washington later in the week to meet with President Ronald Reagan for talks regarded as important for the success of the meeting that Mr. Reagan will hold with the Soviet leader, Mikhail S. Gorbachev, in Geneva on Nov. 19 and 20.

In his UN speech, Mr. Shultz said that the United States "is working hard" to ensure that the Geneva summit meeting is productive.

He said he hoped the meeting would "give further impetus to the wide-ranging dialogue on which we both are already embarked."

"Soviet acts of good faith and willingness to reach fair agreements will be more than matched on the American side," he said.

Mr. Shultz accused Moscow of engaging in "blatantly one-sided" propaganda about Mr. Reagan's proposed Strategic Defense Initiative.

While Moscow attacks SDI, he said, it has for the past 20 years spent nearly as much on its defense

Last Question Remains In Greenpeace Scandal

(Continued from Page 1)
and other conservative parties have always been vocal defenders of the military, which controls France's foreign intelligence agencies.

The key military figure is General Jean Saulnier, now France's chief of staff. As Mr. Mitterrand's military counselor, he authorized expenditures — reportedly more than \$500,000 — for the intelligence mission in New Zealand.

Although General Saulnier has signed a statement denying any knowledge of the sabotage plan or of the subsequent cover-up, his approval of such a sum has prompted speculation that he must have known the facts long before Mr. Fabius confirmed them Sunday. If

Mr. Saulnier is implicated, the extent of Mr. Mitterrand's personal involvement will become a matter of national debate.

This theme has emerged in the French press, which published a series of scoops about the activities of French spies that the government, after initial denials, was forced to confirm.

For Mr. Mitterrand, perhaps the most worrying aspect of the press disclosures was their source, which

appears to be mainly officials working for Pierre Joxe, minister of the interior, who is responsible for the country's police and its domestic counterespionage agency.

This service, assigned to protect France from terrorists and Soviet spies, has often criticized French overseas intelligence operations for sloppiness.

Beyond the interservice rivalry there are hints of a clash of generations among the Socialists. With the Socialists facing the prospect of going into opposition in the coming parliamentary elections, Mr. Mitterrand is mainly concerned with finishing his term in office in 1988 with dignity. But younger militant Socialists such as Mr. Joxe, who are jockeying for position in the post-Mitterrand party, may be ready to precipitate even more political bloodletting now.

Alain Savary, who was dismissed by Mr. Mitterrand as education minister because he was too zealous in attacking conservative-supported church schools, said Monday that the French military would never have ordered the attack without checking it first "at a very high political level."

Both Engines on DC-9 In Milwaukee Crash Found to Have Failed

By Richard Witkin
New York Times Service

NEW YORK — Both engines of the Midwest Express Airlines DC-9 jet that crashed in Milwaukee on Sept. 6 experienced power losses, according to government officials and a spokesman for the engine manufacturer.

Earlier, government officials had said the plane's right engine, mounted on the tail, had lost all power before the jet plunged to the ground shortly after takeoff from General Billy Mitchell Field in Milwaukee. All 31 persons aboard died.

Now tests have shown that the plane's left engine, also on the tail, lost 20 percent of its power, the government officials said. A spokesman for the engine's maker, Pratt & Whitney division of the United Technologies Corp., confirmed that the left engine had a power loss.

The loss of power in the second engine is considered important because such twin-engine jets are built so that a crew should be able to fly them safely even with one engine out. Government and industry experts suggested that the 20 percent power loss on the left engine was probably related to the complete power loss on the right engine and therefore was not an isolated malfunction. But this remains to be established in the crash inquiry.

Pratt & Whitney is the world's biggest jet-engine builder, and the jets it has turned out for the airlines have over the years established an exemplary record. Various versions of the basic JT8D engine that figured in the Milwaukee crash power more than 90 percent of all airliners made in non-Communist countries.

But recently the engine, first produced over 20 years ago, has been involved in a series of accidents.

Besides the Milwaukee accident, these included the crash of a British-registered Boeing 737 in Manchester, England, last month and

seven nonfatal accidents since 1981 that were traced to turbine failures in the engines.

In the Milwaukee accident, speculation is still focusing on why the plane lost so much speed that it stalled, rolled over sharply and crashed out of control. Put another way, why had the pilot, even after losing some power on the second engine — not been able to keep the plane above stalling speed and make a controlled landing.

There is no evidence so far of any failure of the controls that would account for the way the plane went down, said an official of the National Transportation Safety Board, which is in charge of the inquiry.

When board officials first arrived at the crash scene, they concluded from a quick examination that the left engine had been generating normal power when the plane hit the ground.

But in the disassembly, it was found that many of the engine's compressor blades had been badly deformed in the air and that it could have been generating no more than about 80 percent of its power at impact.

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INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

Expulsions Are No Game

There is a tendency to regard the expulsions of all those diplomats and other personnel by Britain and the Soviet Union as a kind of *à la carte* game that sophisticated nations play. A "score" is kept — now 31-31 — and motivations of stubbornness and pride are attributed to both sides. At the same time, explicitly in Moscow, implicitly and quite widely in the West, a certain onus is put on London for overreacting and expelling the first 25 spies fingered by the KGB London station chief who defected. It is said that the train of expulsions thus begun may have damaged relations.

But let us not forget where this train left the station. It was at Espionage Central, the typically large, hostile and intrusive extravaganza that the Russians mount whenever they can. A government that was presented with formidable evidence of a huge spy nest and did not act would not deserve to hold office. Prime Minister Margaret Thatcher had it exactly right when she said, "We have eliminated the core of their subversive and intelligence operation in Britain." This is what is called the national interest. To categorize the episode as a 31-31

— THE WASHINGTON POST.

Resisting Protectionism

A mindless stampede toward protectionism will be a one-way trip to economic disaster.

— President Reagan

The president's courageous stand against additional import restraints makes good economic sense. Protectionism would raise consumer prices and destroy as many jobs in export industries as it saves in businesses beset by imports. What has yet to be understood in Congress, notably by timid Democrats, is that resisting protectionism probably makes political sense as well.

Last spring, Washington failed to take the big step that would make American products more competitive. By sharply reducing the federal budget and Treasury borrowing, it could have reduced the demand for foreign capital and the exchange value of the dollar. Now, after that failure, the clamor for the quick fix of tariffs has swelled into a chorus. The only questions seem to be which protectionist measure will be passed first and whether Congress will override the president's veto.

The urge to curb the imbalance of exports and imports is understandable. Legislators may be able to resist individual pleas from the clothing or shoe or lumber industry. But the cumulative pleading from dozens of industries can be overwhelming. Legislators who measure the national pulse by the sentiments of lobbyists or segments of constituents, however, may still be making a political mistake. The people who take the trouble to complain are always those most directly affected. They may

— THE NEW YORK TIMES.

Other Opinion

Greenpeace: France Confesses

By admitting that agents of the General Directorate for External Security [France's foreign intelligence agency] sank the Greenpeace flagship, Prime Minister Laurent Fabius implicitly paid tribute to the press, which was the first to expose what those in government circles had tried to hide. President François Mitterrand himself has admitted that reading the papers taught him more about the affair than information from his own services. If journalists had not persisted in their investigations in Paris, Auckland, London and Nouméa [New Caledonia], responsibility for the sabotage doubtless would never have been established. The sabotage of the Rainbow Warrior became an affair of state from the moment when someone in the government deliberately hid the truth.

— Daniel Vernet in *Le Monde* (Paris).

It is good that the truth, or most of it, is out; but the way it was helped to emerge suggests there are some in the military apparatus who cannot stomach a democratically elected government of the moderate left. The possibility that the whole Greenpeace caper was got up to hurt the government cannot now be dismissed.

The government's only sensible course now is a complete purge of the disgraced secret service by changing its nature from a military dirty-tricks unit to a properly accountable civilian intelligence organization.

— The *Guardian* (London).

Why was such an elaborate operation planned, involving three of four different teams of French agents, almost any of whom, if caught, were bound to be identified as such — two of whom indeed were foolish enough to telephone the French Defense Ministry on an

— The *Sacramento (California) Bee*.

FROM OUR SEPT. 24 PAGES, 75 AND 50 YEARS AGO

1910: Aeroplane Crosses Alps, Crashes
DOMODOSSOLA, Italy — The Alps have been crossed by an aeroplane. The hero is the young Peruvian, Señor Jorge Chávez. However, after crossing the snowy peaks and yawning gorges of Simplon Pass he was the victim of an accident in landing. Notwithstanding his failure to reach Milan, the Peruvian's exploit constitutes the greatest triumph human flight has yet recorded. M. Duray, a friend of Señor Chávez, said: "I had watched him soar above the Gondo Gorge [then] fly over Domodossola towards the landing field. From a height of 1,000 metres, Señor Chávez began a 'vol plane.' Twelve metres from the ground both wings collapsed and the machine dropped like a stone. Chávez was lying unconscious beside one of the wings. A cursory examination showed that both legs were broken."

1935: Bordeaux Gives Up on America
PARIS — "The American people are spiritually ill and there is little hope of any change, except for the worse." They have no time for the fine things of life such as wine." These and other opinions were expressed at the Association of Bordeaux Wine Exporters meeting just held in Paris, during which it was decided that the United States is not interested in wine and that the association will make no further effort to sell wine to Americans. Roger Desca, president of the association, declared: "We are sad, not simply because of the loss of a market, but because of the loss of an ideal. Silk stockings, movies and autos have conquered America. They require too much money to leave scope for the refinement and culture which are necessary to appreciate the fine things of life, such as wine, grand music and fine literature."

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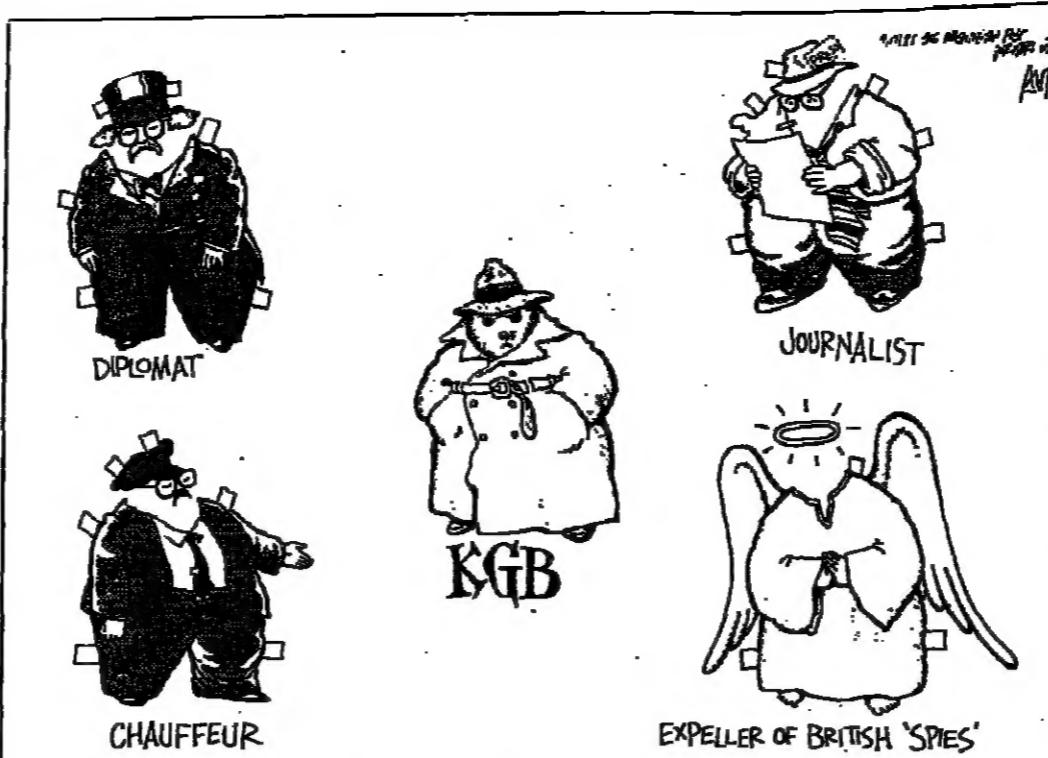
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Plugging the 'Big Ears' of the KGB

By William Safire

WASHINGTON — In the new Soviet Embassy compound atop Washington's Mount Alto, 350 feet above sea level, laser-beam listening devices are being installed by Soviet technicians. They have a clear line of sight to the White House and the Capitol. Aimed at windows, the superbugs will be able to pick up conversations in all rooms with north-facing windows.

During the Nixon administration, the National Security Agency — so secret that its initials were said to stand for "No Such Agency" — joined with the Central Intelligence Agency and the Federal Bureau of Investigations in objecting to the assignment of Mount Alto to the Russians. Somebody — nobody will say who — overrode those objections. So the Russians have a huge advantage in electronic espionage: about 70 percent of local telephone conversations in Washington will be wide open to Mount Alto's Big Ear.

What is being done about it? President Reagan has ordered millions of "secure" phones with underground lines, at huge expense, for government officials and defense contractors. That costly scrambling will quickly be overcome; moreover, the vast majority of private calls in the capital, including those that make the Russians such wizards in commodity trading, would go completely undetected in a country whose citizens are supposedly to be protected from "unreasonable searches."

The way to stop this rape of privacy is to inform the Russians that such espionage is against U.S. law

and simply make them stop it. Ah, no, say some of America's spooks: We do the same thing over there, albeit from a much less advantageous spot. If we close down their listening, they will close down ours; since theirs is a closed society, we learn a lot more about them than they do about us.

I wonder. Years ago, when the United States was secretly bugging Soviet limousine transmissions, Americans knew which marshal was seeing which prima ballerina, causing much cackling at CIA headquarters in Langley, Virginia. But that edge is gone; both sides know of the other's surveillance. Has anyone been assigned to ask if the United States is really getting more relevant data than is losing? Is the demeaning trade necessary?

Senator Daniel Patrick Moynihan of New York has put forward the Foreign Surveillance Protection Act to slam the door, but it is opposed by the administration. That is not the only attempt to stop Soviet spying that Mr. Reagan resists. In the U.S. Embassy in Moscow, more than 200 Russians make the beds, serve the food and spy. (Not one American works for the Soviet Embassy in Washington.) The American ambassador in Moscow knows his driver is a KGB colonel.

Last March, Americans learned (probably from the Brits, who had a good KGB source) that the typewriters in the Moscow embassy were transmitting everything written to the White House directly to

the Kremlin. Of course, Russians inside the embassy serviced these machines. And the carcinogenic "spy dust" found in the embassy was spread by Soviet nationals to facilitate surveillance.

Representative James Courter, a New Jersey Republican, offers a bill requiring replacement of all Soviet citizens by Americans in the Moscow embassy within a year. The State Department response: How about all that? That would mean only the best KGB personnel would continue to make the beds. Under congressional pressure, the State Department says the central U.S. facility there will be free of Russians, but that the compound will have non-American workers.

Why? The State Department fears the Americans will be seduced and turned into spies that they will not be as effective in getting people on the phone, that they may get in trouble or accidents. Apparently it would rather have full-time KGB agents on the premises than U.S. citizens, because — get this — such close contact keeps diplomats security-conscious and enables them to send messages by talking to the chandeliers. State also means about how hard it is to get drivers and domestic servants to work over there, but that is malarkey.

The Russians are regularly penetrating the Moscow embassy, and increasingly penetrating telephone and office conversations in Washington, and their driver is a KGB colonel. Last March, Americans learned (probably from the Brits, who had a good KGB source) that the typewriters in the Moscow embassy were transmitting everything written to the White House directly to

The New York Times.

The Greenpeace Case: Nearing a Fatal Truth?

By William Pfaff

PARIS — The Greenpeace affair became serious in France at midday Sept. 17. The early edition of *Le Monde* was then being delivered to newsstands, carrying a front-page story that blew open France's official position on the bombing in New Zealand of a ship belonging to the Greenpeace environmental group.

The French — while regretting that a man had been killed in the bombing of the ship, the Rainbow Warrior — had until then been rather smug about the affair, finding in it more titillation than cause for concern. The "nationalist frenzy" of which New Zealand's prime minister, David Lange, recently spoke was more evident in Wellington and Auckland than in Paris.

There is a solid popular consensus in France on the country's present defense policy, on nuclear testing regarded as necessary to that policy, and on the legitimacy and legality of protecting the test sites in France's Pacific island possessions — from Greenpeace or anyone else.

But if the intelligence service and the military hierarchy to which it is answerable, clearly are refusing to allow the political authorities of the state to put the blame on them, hence Mr. Fabius's pains Sunday night to state that the individuals who executed the mission acted on orders "and have often in the past carried out very dangerous missions for our country."

But if the intelligence service and the military establishment were acting under proper orders, wherever those orders came from. The second is that the funds for the operation were released at the highest level of state, the office of the president himself, under the authority of the chief of Mr. Mitterrand's personal military staff.

Moreover, the intelligence service and the military hierarchy to which it is answerable, clearly are refusing to allow the political authorities of the state to put the blame on them, hence Mr. Fabius's pains Sunday night to state that the individuals who executed the mission acted on orders "and have often in the past carried out very dangerous missions for our country."

But if the intelligence service and the military establishment were acting under proper orders — and if it was not the defense minister, the prime minister or the president who gave those orders, then who did?

We soon will know. Not only do the opposition parties and the press want to know, but too many political and institutional interests inside the government have come into conflict for the truth to be concealed. It may be a truth fatal to Mr. Fabius's government. It could be a truth fatal to Mr. Mitterrand's presidency.

The oddest thing about it is that the charge the French people have made against their government is not that it carried out such an attack, France is a cynical nation where international politics are concerned. The crime, in French eyes, is that those responsible have made France look ridiculous before the world.

They have made France seem incompetent and mendacious; and this is unforgivable.

There is a final consideration: the charge the French people have made against their government is not that it carried out such an attack, France is a cynical nation where international politics are concerned. The crime, in French eyes, is that those responsible have made France look ridiculous before the world.

They have made France seem incompetent and mendacious; and this is unforgivable.

The sacrifice of Mr. Herou accomplished nothing. The government's new position is already proving as difficult to maintain as was the original denial of responsibility. The first official investigation of the affair, carried out in August by a highly regarded former minister of de Gaulle's, Bernard Tricot, merely reported that officials themselves did, or did not say about what happened.

But Mr. Tricot offered two conclusions that suddenly become important.

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The Battle Has Begun for the U.S. Senate

By Tom Wicker

NEW YORK — A shift of only four seats in next year's U.S. congressional elections would give Democrats control of the Senate again, making President Reagan a considerably lame duck in the last two years of his term. It is not surprising, therefore, that knives balls are being sharpened, curve balls being thrown, and the public interest is taking a licking.

Among crucial new developments is the announcement by John P. East of North Carolina, a Republican senator elected in 1980, to be challenged from the finger-nail clippings of Senator Jesse Helms that his health will force his retirement. Coming on top of Senator Paul Laxalt's decision not to run again, Mr. East's decision has shaken Republican confidence for 1986.

Rumors persist, moreover, that Senator Charles McC. Mathias of Maryland, one of the last of the old "liberal Republicans," will also retire. Mr. Mathias, who is cordially despised by the Jesse Helms-Richard Viguerie right wing, is no doubt enjoying their dilemma: They would love to be rid of him but since no other Republican is likely to win in Maryland, they need him to help keep the Senate in Republican hands.

The Washington Post, its ear ever

to the political ground, even reports rumors that Senator Strom Thurmond of South Carolina will heroically yield his Judiciary Committee chairmanship to Mr. Mathias, as bait for the latter to run once more.

There would be more than poetic justice in this, since Mr. Mathias was in line for the chairmanship in 1980, only to be bulldozed aside when the more senior Mr. Thurmond shifted to Judiciary from the Armed Services Committee. Mr. Thurmond has not, however, confirmed his readiness for another leap, particularly one on behalf of Mr. Mathias.

In North Carolina, Mr. East's retirement has split that state's recently prosperous Republican Party. Mr. East and his political sponsor, the right-wing National Congressional Club headed by Mr. Helms, quickly announced their support for David Funderburk, 41, until recently the ambassador to Romania. North Carolina political built says Mr. Funderburk, who has never run for office, is another Helms creation.

He will be opposed in what promises to be a bloody Republican primary by Representative James T. Brophy, dean of the state's congressional delegation and a close associate of Governor James G. Martin. Both are what once would have been called "conservatives," but they are being labeled "moderates" or "mainstream Republicans" in recognition of their differences often great, with the Helms-led radical conservatives.

That might seem to offer the Democrats opportunities. But their best candidate, former Governor James Hunt, took himself out of the race even before Mr. East announced his retirement. No other Democrat seems a natural or assured choice, so a tough Democratic primary seems likely, too. In the general election, however, Mr. Reagan will not be at the top of the ticket as he was when Mr. East won an upset victory in 1980 and when Mr. Helms defeated Mr. Hunt last year.

Meanwhile, back in the Senate, the formidable Mr. Helms has maneuvered the Finance Committee, of which he is not a member, into approving a new tobacco price-support program, a subject over which the committee normally has no jurisdiction. He did it by promising not to filibuster the committee's plan to keep the cigarette tax at 16 cents per pack, as part of its deficit-reduction package. The tax had been scheduled to drop to only 8 cents on Oct. 1.

What has that got to do with politics? Well, the proposed new support plan is designed to remove a huge tobacco surplus that is threatening to bankrupt the present program. It will either save the taxpayers \$500 million or cost them \$1 billion, depending on who makes the claim, but it will please tobacco growers either way.

And though the 16-cent tax will be retained, that is better for the tobacco industry than the even higher taxes the Finance Committee rejected or the 20-cent tax the House Ways and Means Committee may yet approve. So these actions in the Senate will not hurt and may help Republican Senate candidates next

JEPY, 10/15/85

U.S. Overplays Impact of Foreign Trade Practices, Analysts Say

By Clyde H. Farnsworth
New York Times Service

WASHINGTON — Many foreign governments and, for that matter, many American trade specialists, challenge the view of the Reagan administration and many in Congress that unfair trade practices by other countries are largely to blame for the huge U.S. trade deficit.

As they see it, the United States is guilty of its own share of unfair practices. They also say the part of the American deficit attributable to unfair foreign practices is not all that big.

C. Fred Bergsten, director of the Institute for International Economics, a research group based in Washington, estimates that, ending other countries' unfair trade practices and protecting some American industries would cut only \$10 billion from a trade deficit expected to reach \$150 billion this year.

In reaction to the Reagan administration's new strategy, both Japan and the European Community are cautioning that unfair trade is in the eye of the beholder.

"The danger is the belief every-



The danger is the belief that what one does oneself is fair and what the other fellow does is unfair.

Sir Roy Denman
EC Official

where that what one does oneself is fair and what the other fellow does — even if he is only producing a cheaper and better product — is unfair," said Sir Roy Denman, head of the EC delegation here.

One of the many complaints of unfair trade against the United States concerns the ban on imports

barely taken notice of that decision.

Both Europeans and Americans cite GATT rulings in their favor, and each side accuses the other of ignoring rules with which it disagrees. GATT is a 90-nation accord that sets out fair-trade rules and procedures for settling disputes.

In pressing action against the EC for refusing to end a subsidy system that assists its fruit processors, one of the moves Ronald Reagan announced Sept. 7, the president said that a GATT panel had backed the United States in this case back in 1981. The Europeans have "stalled any further action in GATT, and bilateral negotiations have not produced a satisfactory settlement," said a White House report.

The Europeans, for their part, cite GATT reports in their favor, not only in the dispute over books but in others over vitamins and even American tax breaks.

In GATT talks concluded in 1979, for example, the United States agreed to reduce tariffs on Vitamin B-12. But the Europeans say Washington, apparently re-

sponding to industry pressure, has ignored a recent GATT finding that it should speed up these tariff concessions.

The case on tax breaks involves \$11 billion that American companies saved by setting up domestic international sales corporations. Under this program, taxes on these corporations' profits could be deferred.

A GATT panel in 1981 found that the practice, under way since 1972, violated international trading rules.

In 1984 Congress finally eliminated the program, but it did not require the companies to pay the taxes that had been deferred. The Europeans have lodged a protest about this as well, arguing that it represented an illegal subsidy and that American companies got an unfair trade advantage as a result.

Still another complaint relates to wine and what the Europeans say is an outright violation of the 1979 GATT Subsidies Code. The code says that an industry that brings an unfair trade case must be "identical — i.e. alike in all respects" to any foreign industry it lodges a complaint against.

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ARTS / LEISURE

Monotonous 'Song & Dance'

By Frank Rich

NEW YORK — In Andrew Lloyd Webber's "Song & Dance," Bernadette Peters and the choreographer Peter Martins all but break their necks trying to entertain us. In the first act, Peters belts and sobs and skinnishes her way through a solo song cycle that runs for an hour. After intermission, Martins takes over, sending nine admirable dancers, led by Christopher d'Amboise, into a 40-minute exhibition of pyrotechnics. So why is "Song & Dance" grating (Act I) and monotonous (Act II)? No one has given Peters anything to sing about or Martins' dancers any reason to leap. Empty material remains empty, no matter how talented those who perform it.

Peters is more than talented: As an actress, singer, comedienne and all-round warming presence, she has no peer in the musical theater right now. In her half of "Song & Dance," she works so hard you'd think she were pleading for mercy before a firing squad. Yet for all her vocal virtuosity, tempestuous fits and husky-toned charm, we never care if her character lives or dies, as long as she's brief about it. That character, an English hatmaker named Emma who settles in New York, is a completely synthetic, not to mention insulating, creation whom no performer could redeem.

Describing herself as "a girl who lets men take advantage," Emma devotes most of her 20-odd songs to sulking about her misadventures with various unseen men who take her to bed and then kick her into the street. The authors treat her almost as shabbily. They don't bother to examine Emma, they merely exploit her. For all the time we spend with this woman, we learn little about her beyond her sexual activities. She is an empty-headed tramp with a heart of gold.

The men who created Emma are Don Black, who wrote the lyrics used in the even drearer 1982 London version of "Song & Dance," and Richard Malby Jr., the gifted lyricist and director ("Baby") who receives credit for providing the Broadway edition with "additional lyrics" and its "American adaptation." A few bowlers aside — "Loneliness must be the worst feeling

of all" or "Show me a dream and I'll show you a nightmare!" — Malby has injected his customary professionalism into the inept London text. But he must share the blame for perpetuating, if not accentuating, the patronizing characterization of the heroine. And why didn't he give Peters any material to capitalize on her sense of humor? The one comic song, a London hollodeo titled "Capped Teeth and Caesar Salad," recycles Beverly Hills jokes that had seen better days when Joan Rivers was still in college.

It's a tribute to the star, who's incapable of a dishonest moment, that Act I of "Song & Dance" doesn't earn unintentional laughs. While much of Lloyd Webber's impersonal and bombastically orchestrated music sounds like the stuff that's piped into a 747 just before takeoff, Peters does get to sing a few sprightly tunes. As is the composer's wont, the better songs are reprised so often that one can never be quite sure whether they are here to stay or are simply refusing to leave.

In Act II, Lloyd Webber provides no original music — this show is as miserly as his "Cats" is profligate — but offers variations on Paganini's A-minor "Caprice." Rachmaninoff need not worry. Lloyd Webber's main contributions to Paganini, conducted by John Mauceri, are electronic gizmicks and a rock beat. Certainly his variations have failed to inspire Martins, whose labored vision of nocturnal Manhattan fleetingly recalls "Fancy Free" and "Sllaughter on Tenth Avenue" but is unlikely to join them in repertory at the New York City Ballet.

Most of the choreography is a cynical, acrobatic approximation of vintage Broadway dancing, without the repose, pacing and conviction that make the prototypes electric. To forge a shotgun marriage between the song and dance halves of the evening, d'Amboise is costumed as one of Emma's Act I lovers — a cad named Joe whose only known characteristics are his place of birth (Nebraska) and favorite color (red). A fine young dancer who as yet lacks the stage presence to drive a Broadway show, d'Amboise raises his fist joyously when it's time to applaud.



Ensemble in "Song & Dance."

Fashion Students Meet the Pros, Courtesy of Swiss Textile Industry

International Herald Tribune

SAINT GALLEN, Switzerland — "Rencontre Suisse du Jeune Talent" is an interesting attempt by about 30 Swiss textile companies to bring together fashion students and manufacturers. The ambitious, \$200,000 promotion took place earlier this month at

HEBE DORSEY

this small textile center, which since the 12th century has specialized in cotton and embroidery.

Low on quantity but high on quality, Swiss textile companies had 450 outfits in the Paris couture collections in July, of which 250 came from the house of Abraham AG in Zurich. The Rencontre was presided over by Hans Georg Rohnheimer, a partner in Abraham. This was the second such gathering since 1982; another is planned for 1987.

The international forum gathered about 30 students from 16 fashion schools. Representatives of manufacturers, major retail stores and designers from several countries — especially West Germany, Switzerland and France — also attended. Among the retailers represented were Marks & Spencer of London, Italians attending included representatives of the clothing manufacturer Genny, the shoe and ready-to-wear maker Ferragamo, and Gruppo Finanziario Tessile, the manufacturer that handles Valentino and Ungaro ready-to-wear.

Foreign designers attending included Janice Wainwright of London and Poppo Moretti of Paris.

Moretti did the commentary on the show of students' designs (using Swiss fabrics) that opened the two-day event. Most fashion schools presented three students, each bringing one design. The outfits ran the gamut from lingerie to menswear.

Many of these students have won prizes in local fashion competitions. Their clearest overall influences were Jean-Paul Gaultier's wild layerings, Azzedine Alaïa's figure-conscious silhouettes (these were the most enthusiastically received by the audience), Claude Montana's shoulders and Gianni Versace's sportswear. Japanese students from the Bunka College of Fashion in Tokyo were obviously influenced by Issey Miyake and like him came up with unusual fabric combinations.

The most interesting part of the meeting was discovering that there are so many fashion schools in the world, some in remote corners. Some of the best offerings originated in the Netherlands and Los Angeles. Students from the Royal College of Art in London had the most professional hand. Those from Munich's Deutsche Meisterschule für Mode emphasized sportswear and leisure wear. Students from the Fashion Institute of Technology in New York had a fresh if not very adventurous approach. The free-wheeling Studio Berçot in Paris produced the most theatrical designs; its students were distinctly under the influence of Thierry Mugler.

The meeting achieved at least one of its purposes: Many of these students were approached by professionals. Lejaby, a large French lingerie firm, talked to students from Leicester (England) Polytechnic.

"It makes me happy to play the music, but it also makes me lonely for the good friends and relatives I've left behind," said Mua who began playing the geey 55 years ago. "When I play, in a way, I am playing for them."

By teaching the young to play the instrument, Mua said, he is trying to pass along Hmong traditions that otherwise would die. He particularly wants the music to continue in marriage and death ceremonies, he said.

Though Mua said he realized that some diseases could be best treated by doctors, he believes his music can rid people of other illnesses.

"In the future I hope to again use music to attract good spirits and make the sick healthy again," he said.



Design by Estevan Ramos of Los Angeles fashion institute.

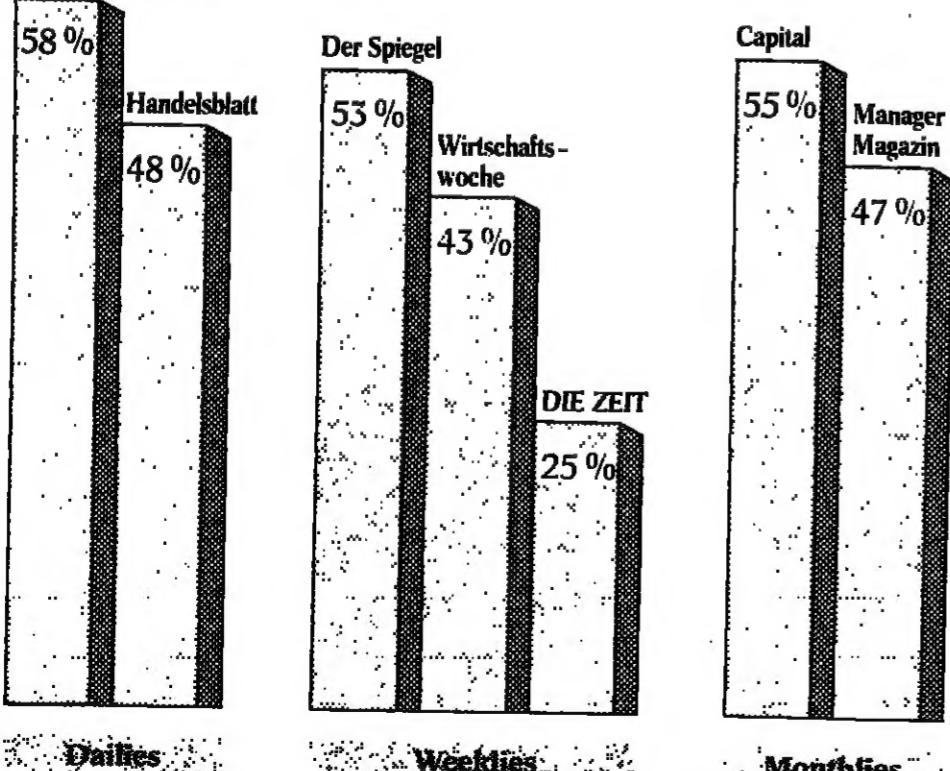
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Milan's Galleria Gets Its First Renovation

Reuters

MILAN — One of Milan's most distinctive landmarks, the Galleria, a glass-covered arcade housing cafés, restaurants and shops, is undergoing the first major facelift of its 118-year history.

The arcade's mosaic walkway links Milan's cathedral and La Scala opera house. Restoration work started several months ago, including the cleaning of the arcade's centerpiece, a glass dome sheltering a large hexagonal space. The project is expected to cost at least 1 billion lire (\$350,000).

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FUTURES AND OPTIONS

London Markets Awaiting The Tide of Hedging Trade

By H.J. MAIDENBERG
New York Times Service

NEW YORK — As the clouds of uncertainty thicken over much of the world's financial and currency markets, London's futures and options markets, which are in one of the biggest money centers, are still waiting for a flood of hedging business to engulf them.

"There are several reasons why our financial-futures markets may have to wait a bit longer," said Stuart A. Bass, vice president of Hibernia Management at the London operation of Manufacturers Hanover Trust Co. of New York. "One reason is that the huge Chicago financial-futures markets have had a big head start over our London International Financial Futures Exchange."

Another reason is the continuing flow of American and other foreign banks into London's financial community, he said. "At last count," Mr. Bass noted in a recent interview in London, "we had over 400 British and foreign banks dealing in all kinds of financial instruments and currencies among themselves. This and of itself constitutes a market."

But the London International Financial Futures Exchange, which will mark its third anniversary Monday, has been doing more than just wait for business. It has been expanding its line of futures and options and now has the broadest range of interest rate contracts of any exchange.

"While LIFFE is always being compared with the Chicago and other financial-futures markets, the comparison is not valid on several accounts," said R. Brian Williamson, the exchange's chairman. "For one, we do not have anywhere near the number of 'locals' on our floor as the American exchanges have. In fact, we only have 45 such independent floor traders out of a total membership of 373 in our futures market and 177 in our options markets."

By comparison, the Chicago Board of Trade and Chicago Mercantile Exchange each have hundreds of locals, who are constantly trading in their financial-futures and options markets on their own behalf, as well as for outside customers. This activity not only puts the locals in the key role of market makers but also creates the vital liquidity on which all markets thrive.

A related difference, said Mr. Williamson, is that most of the members of LIFFE's markets are "corporate locals" who are executing orders for their employers.

"While this may not enhance volume figures, it represents a far more accurate measure of actual dealings," he said.

MICHAEL N.H. Jenkins, chief executive of LIFFE, said in the same interview that banks made up more than half the membership of his exchange, which is a higher percentage than on any foreign market.

Given the fact that most British and other banks have traditionally preferred over-the-counter dealings in currencies and debt instruments, their growing involvement with LIFFE is one of the exchange's biggest accomplishments thus far.

As a result, Mr. Jenkins said, about half of LIFFE's volume consists of "outside paper," or actual orders from commercial hedgers and traders. In Chicago, he said, about a third of the volume each day comes from outside customers.

"LIFFE is not without its problems," he said. "Trading in our Financial Times 100-share index has been disappointing, largely because our stock market has been flat and few equity-fund managers indicate any interest in this hedging instrument."

The same hesitancy has been noted among U.S. mutual-fund and other investment managers. One explanation is that most

(Continued on Page 17, Col. 4)

Currency Rates

Cross Rates									
Amsterdam	5.65	4.32	0.64	F.15	1.11	0.64	0.53	132.20	132.00
Brussels	5.60	76.13	20.34	—	—	—	—	—	—
Frankfurt	5.60	3.97	0.64	0.64	1.11	0.64	0.53	1.71	1.71
London	5.60	—	—	—	—	—	—	—	—
Milan	1,671.53	2,428.30	679.50	11,693.53	2,617.50	4,300	76.16	22.16	22.16
New York	—	—	—	—	—	—	—	—	—
Paris	8.54	11.88	2.62	4.51	2.71	12.02	58.16	22.69	22.69
Tokyo	2,212.5	3,197	82.14	—	0.227	—	7.68	4.65	4.65
Zurich	—	—	—	—	—	—	—	—	—
1 ECU	0.6719	0.5714	0.2553	0.7021	1.9424	2.504	45.0208	1.2224	1.2224
1 DDM	0.6443	0.5717	0.2515	0.6202	1.9144	1.1097	57.2573	1.2224	1.2224

Cashes in London and Zurich. Returns in other European centers. New York rates of 2 P.M. (a) Commercial (b) Amounts needed to buy one pound (c) Amounts needed to buy one dollar (d) Units of 100 (e) Units of 1,000 (f) Units of 10,000 N.G. not quoted; N.A. not available; (g) To buy one pound: \$145.13/145.03

Other Dollar Values

Current rate	Current rate	Current rate	Current rate	Current rate	Current rate	Current rate	Current rate	Current rate	Current rate
Current rate	0.54	Current rate	0.63	Current rate	0.63	Current rate	0.63	Current rate	0.63
Avg. quoted	0.60	Fiat, markets	0.63	Mark, resp.	2.4615	Kor. won	197.00	197.00	197.00
Austral. \$	1.228	Greek drach.	2.3720	Mal. peso	30.00	1.7165	1.7165	1.7165	1.7165
Austrian schill.	30.28	Hong Kong \$	2.2725	Mon. krona	0.648	Swiss franc	1.1725	1.1725	1.1725
Bol. bol. fr.	57.75	British pound	1.2249	Portug. escudo	16.42	Yen, U.S.	1.4032	1.4032	1.4032
Brazil cruzeiro	7,000.00	India, rupee	1.1220	Tele. tele.	26.4655	Tele. tele.	26.4655	26.4655	26.4655
Canadian \$	1.2435	Iraqi dinar	0.9149	Small riyal	3.6515	Turkish lira	55.00	55.00	55.00
Danish krona	9.832	Iceland sh.	1.4800	Tele. tele.	2.168	U.S. dollar	3.5725	3.5725	3.5725
Egyptian pound	1.23	Kenya sh.	0.3009	Tele. tele.	2.5974	Venez. bol.	14.00	14.00	14.00

1 Shilling: 1.2252 (Irish £)

Sources: Bureau de Banque (Brussels); Banca Commerciale Italiana (Milan); Chemical Bank (New York); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); IMF (SDR); BAI (dollar, franc, ducat).

Other data from Reuters and AP.

Interest Rates

Eurocurrency Deposits									
Dollar	D-Mark	Swiss	French	ECU	SDR	Yen			
1 month	7 1/2-8	4 1/2-6	3 1/2-5	5.53	132.20	132.00			
2 months	8-8 1/2	4 1/2-6	3 1/2-5	5.53	132.20	132.00			
3 months	8 1/2-9	4 1/2-6	3 1/2-5	5.53	132.20	132.00			
4 months	8 1/2-9	4 1/2-6	3 1/2-5	5.53	132.20	132.00			
1 year	8 1/2-9	4 1/2-6	3 1/2-5	5.53	132.20	132.00			

Sources: Morgan Guaranty (dollar, DM, SF, Pound, FFI); Lazard Frères (ECU); Reuters (SDR). Rates certificate to interbank deposits of \$1 million minimum (or equivalent).

Key Money Rates Sept. 23

Asian Dollar Deposits									
Sept. 23	Sept. Prev.	Sept. 23							
United States	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Discount Rate	7.1275	7.1216	7.1216	7.1216	7.1216	7.1216	7.1216	7.1216	7.1216
Federal Funds	7.12	7.12	7.12	7.12	7.12	7.12	7.12	7.12	7.12
FED Funds	7.12	7.12	7.12	7.12	7.12	7.12	7.12	7.12	7.12
Broker Lend Rate	8.10-9	8.10-9	8.10-9	8.10-9	8.10-9	8.10-9	8.10-9	8.10-9	8.10-9
Commercial Paper 10-127 days	7.70	7.85	7.85	7.85	7.85	7.85	7.85	7.85	7.85
3-month Treasury Bills	7.12	7.24	7.24	7.24	7.24	7.24	7.24	7.24	7.24
4-month Treasury Bills	7.40	7.40	7.40	7.40	7.40	7.40	7.40	7.40	7.40
CDs 30-60 days	7.40	7.40	7.40	7.40	7.40	7.40	7.40	7.40	7.40

West Germany

Lombard Rate

Overnight

One Month

3-month Interbank

4-month Interbank

France

Intervention Rate

Call Money

One-month Interbank

3-month Interbank

4-month Interbank

Japan

Discount Rate

Call Money

40-day Interbank

London

Discount Rate

Call Money

40-day Interbank

London

Discount Rate

Call Money

NYSE Most Actives						
Vol.	High	Low	Last	Chg.	Per cent	
AT&T	5024	212	204	210	+1	+0.48%
Coca-Cola	10852	104	102	104	+1	+0.96%
Peabody	1071	104	102	104	+1	+0.96%
IBM	1071	104	102	104	+1	+0.96%
NYNEX	1242	120	118	120	+1	+0.83%
AmEx	1299	121	119	121	+1	+0.83%
AmInt	1299	121	119	121	+1	+0.83%
Pfizer	1254	42	40	42	+2	+4.8%
Acvion	1022	20	19	20	+1	+5.0%
General	734	37	35	37	+1	+2.7%
GenEnt	734	37	35	37	+1	+2.7%
AmTech	734	37	35	37	+1	+2.7%
Digital	734	37	35	37	+1	+2.7%
Cmwe	734	37	35	37	+1	+2.7%

Dow Jones Averages						
Open	High	Low	Last	Chg.	Per cent	
Indus	1232.59	1232.78	1231.21	1232.37	+18.37	+1.5%
Trans	645.12	645.62	643.67	645.51	+18.12	+2.8%
Utilities	1242.12	1242.42	1239.52	1242.12	+18.42	+1.5%
Finance	109.55	109.49	109.31	109.55	+0.88	+0.8%

NYSE Index						
Open	High	Low	Last	Chg.	Per cent	
Composite	106.30	106.37	106.27	106.30	+0.07	+0.65%
Industrials	106.30	106.37	106.27	106.30	+0.07	+0.65%
Transport	106.40	106.51	106.51	106.42	-0.11	-1.0%
Utilities	105.89	105.99	105.89	105.89	-0.10	-0.9%
Finance	109.55	109.69	109.54	109.60	+0.05	+0.45%

Mondays NYSE Closing

Vol. of 3 P.M. 89,570,000
Prev. 3 P.M. vol. 89,560,000
Prev. close 117,660,000

Tables include the net volume prices up to the closing on Wall Street and do not reflect late trades elsewhere.
Via The Associated Press

AMEX Dailies						
Close	Prev.	High	Low	Chg.	Per cent	
Advanced	292	292	291	292	+1	+0.3%
Declined	294	295	293	294	-1	-0.3%
Unchanged	295	296	294	295	+1	+0.3%
Total Issues	295	296	294	295	+1	+0.3%
New Highs	295	296	294	295	+1	+0.3%
New Lows	295	296	294	295	+1	+0.3%

NASDAQ Index						
Close	Prev.	High	Low	Chg.	Per cent	
Composite	260.20	260.40	259.80	260.20	+0.20	+0.75%
Industrials	260.20	260.40	259.80	260.20	+0.20	+0.75%
Transport	260.20	260.40	259.80	260.20	+0.20	+0.75%
Utilities	260.20	260.40	259.80	260.20	+0.20	+0.75%
Finance	260.20	260.40	259.80	260.20	+0.20	+0.75%

AMEX Most Actives						
Vol.	High	Low	Last	Chg.	Per cent	
BAT In	1126	1126	1126	1126	+0.00	+0.0%
Echo B	2554	2554	2554	2554	+0.00	+0.0%
WdLif	2712	2712	2712	2712	+0.00	+0.0%
GTIC 9	1573	1573	1573	1573	+0.00	+0.0%
Astro	1547	1547	1547	1547	+0.00	+0.0%
Motiv	1411	1411	1411	1411	+0.00	+0.0%
Horizon	1114	1114	1114	1114	+0.00	+0.0%
CMMA 3	928	928	928	928	+0.00	+0.0%
DomEx	1114	1114	1114	1114	+0.00	+0.0%
AM Int'l	956	956	956	956	+0.00	+0.0%
Destra	928	928	928	928	+0.00	+0.0%
Hector	928	928	928	928	+0.00	+0.0%

Dow Jones Bond Averages					
Prev.	Close	Today	MoM	Chg.	Per cent
Bonds	79.57	79.57	79.48	-0.09	-0.11%
Utilities	74.57	74.57	74.48	-0.09	-0.12%
Industrials	82.67	82.67	82.66	-0.01	-0.12%

NYSE Dailies						
Close	Prev.	High	Low	Chg.	Per cent	
Advanced	1072	1073	1072	1073	+1	+0.93%
Declined	494	495	494	495	+1	+0.2%
Unchanged	2005	2007	2005	2007	+2	+1.0%
Total Issues	2005	2007	2005	2007	+2	+1.0%
New Highs	19	20	19	20	+1	+5.0%
New Lows	22	22	22	22	-	-0.0%

Odd-Lot Trading in N.Y.					
Buy	Sales	Chg.	Per cent	Vol.	MoM
Sep. 20	152,107	372,26	20,204	89,570,000	12,000
Sep. 19	149,318	379,626	5,404	89,560,000	11,900
Sep. 18	139,015	321,946	1,308	89,560,000	11,800
Sep. 17	139,015	323,046	1,042	89,560,000	11,700

*Included in the sales figure.

N.Y. Stocks Are Sharply Higher

United Press International

NEW YORK — Prices on the New York Stock Exchange were sharply higher late Monday in active trading.

Technology, cyclical and multinational issues advanced on news that the United States and four other nations — West Germany, France,

believes the resolve of the so-called Group of Five nations cut the value of the dollar and oppose protectionism will be "extremely positive" for the U.S. economy. "Cyclical stocks will be the place to

Case
Truth

JY/150150

BUSINESS ROUNDUP

Fiat Posts Sharp Rise In Profit for First Half

Reuters

TURIN — Fiat, the Italian industrial conglomerate and automaker, on Monday announced a sharp increase in overall operating profit for the first half of 1985 and predicted full-year figures would be much better than in 1984.

The company said the group's operating profit, which does not take into account loan and debt-servicing costs, rose to 1,215 billion lire (\$625 million) in the first half of the year, a 41.3-percent increase from 860 billion lire in the like period last year.

Group sales grew 11.2 percent to 13,000 billion lire. Sales rose in all main divisions, although the biggest increase was in industrial vehicles, which saw volume advance by 19 percent, while sales in the robotics division jumped by 27 percent.

Sales of cars, which account for more than half the entire business, rose 9.8 percent to 7,462 billion lire. Not only did sales rise, but the percentage increase inside Fiat's car division was also the highest in the group.

Group officials said that although the results showed that Fiat was outperforming most of its European competitors, its profits were still well behind major U.S. automakers, such as General Motors and Chrysler.

Hanson Trust Considers Raising Its Bid for SCM

Reuters

NEW YORK — Hanson Trust PLC said in a document filed Monday with the Securities and Exchange Commission that it is prepared to make an offer for SCM Corp. "in excess of \$74 per share" under certain conditions.

The conditions include the dropping of so-called "lock-up options" in SCM's own leveraged buyout plan which provide for the sale of two SCM businesses to Merrill Lynch & Co. in the event the buyout plan is terminated.

Merrill Lynch and SCM management are partners in a \$74-per-share offer to acquire SCM.

In its filing with the SEC, Hanson said SCM advisers offered to buy 3.4 million SCM shares held by Hanson.

According to the document, Hanson responded that it was "not interested in selling" and is prepared to pursue a business combination in excess of \$74 per share if the lock-up options are dropped.

SCM has charged Hanson in a federal lawsuit with illegally acquiring the 3.4 million shares after dropping its earlier \$72-per-share offer.

Hanson has filed its own suit

contending that the SCM management offer is unfair to shareholders.

Separately, the SEC said Monday that it is conducting a private investigation into SCM's charge that Hanson violated federal securities laws when it purchased large blocks of SCM stock shortly after terminating its hostile tender offer.

The commission agrees that at this early stage in the litigation, SCM has raised a serious question going to the merits of whether the Williams Act may have been violated," the SEC said in a legal memorandum submitted to the second circuit U.S. Court of Appeals.

The appeals court is considering a lower federal court's temporary order barring Hanson from acquiring any more SCM stock.

Hanson first began its tender offer for SCM stock on Aug. 21, at \$60 per share in cash.

After SCM and Merrill Lynch announced a competing plan for a leveraged buyout of SCM at \$70 a share, Hanson responded by raising its offer to \$74.

Finally, when SCM and Merrill raised their bid to \$74 on Sept. 11, Hanson announced it was terminating its bid.

Volkswagen Is Said to Want Job Reductions at SEAT

Reuters

MADRID — West German car manufacturer Volkswagen is asking the Sociedad Espanola de Automoviles de Turismo, or SEAT, to dismiss 4,500 workers before taking a majority shareholding in the Spanish state-owned automaker, sources close to the negotiations said Monday.

They said that VW planned to sign the agreement by the end of the year but was unwilling to take on the burden of SEAT's 23,000-person work force.

A SEAT spokesman said a top-heavy payroll was one of the major factors contributing to the compa-

ny's continued losses. He declined to confirm that a layoff demand had been made.

VW and SEAT signed a joint-venture agreement in 1982 under which the Spanish automaker now produces 120,000 VW vehicles a year under license. SEAT also imports VW and Audi vehicles to Spain.

Under the draft agreement VW will upgrade SEAT's production and marketing facilities, largely financed with low-cost Spanish government loans, and initially take a 51-percent stake in the company, acquiring almost all its shares by 1990 from the sole stockholder, Instituto Nacional de Industria.

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As of the end of the period for subscription to the capital increase authorized by the shareholders' meeting of June 3rd 1985 the offering was subscribed to for the 99.89%.

The unexercised rights amount to No. 129,648 granting the subscription to No. 16,206 preferred shares.

In accordance with the third paragraph of article 2441 of the Italian Civil Code, such rights will be offered for sale on the Torino Stock Exchange by the brokers Dott Franco Iotti, via S. Teresa 12, Torino, on the 24, 25, 26, 27 and 30 of September 1985.

The purchasers of the rights will be entitled to purchase two preferred shares, per value lire 7,000, or lire 4000 each, for every 16 rights presented. The new shares will have dividend occurring from April 1, 1985.

The exercise of the rights and the payment of the new shares must take place no later than October 4, 1985 at the Company's offices via Carlo Morenico 25, Torino.

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FOR FUN AND PROFIT
The Business Travel Column by
ROGER COLLIS
Friday in Weekend

Peat Marwick Murdoch to Buy Rest of Fox Studio

Reuters

The Associated Press

LOS ANGELES — Rupert Murdoch, the publisher who bought half of 20th Century-Fox Film Corp. six months ago for \$250 million, will buy the rest of the studio from Marvin Davis, a Denver oil man, a spokesman for Mr. Murdoch said Monday.

Mr. Murdoch will pay \$325 million for Mr. Davis' holding company, TCF Holdings Inc., for the remaining 50 percent of the studio and its valuable film library.

The spokesman stressed that the talks so far had been exploratory. He was referring to press reports that discussions were under way that could combine the companies into the world's largest accounting group, with annual revenues approaching \$2.5 billion.

"The deal has been done," said

Howard Rubenstein, a spokesman for Mr. Murdoch, an Australian-born financier who recently became a U.S. citizen to overcome federal rules limiting the ability of foreigners to own U.S. broadcast properties.

Mr. Murdoch will pay \$325 million for Mr. Davis' holding company, TCF Holdings Inc., for the remaining 50 percent of the studio and its valuable film library.

Mr. Davis will retain TCF's stakes in resorts in Pebble Beach, California, and Aspen, Colorado, plus other real estate, including 2.7 acres (1.1 hectares) of land on the Fox property.

"The deal has been done," said

However, last summer Fox had a hit movie, "Cocoon," which has grossed more than \$70 million.

For the nine months ended May 25, the company lost \$80.1 million on revenues of \$468.1 million. In fiscal 1983, the company lost \$89.7 million.

Mr. Davis and Marc Rich, a commodities trader, bought Fox four years ago for \$72 million. Mr. Davis paid about \$116 million last year to buy out Mr. Rich.

Mr. Davis and Mr. Murdoch had considered joining to buy part of Metromedia Inc., but Mr. Davis pulled out of the agreement. Mr. Murdoch went ahead alone and agreed in May to pay \$1.55 billion for six Metromedia television stations.

COMPANY NOTES

British Aerospace PLC confirmed that it was conducting talks with the Soviet Union on the sale of the Advanced Turboprop airliner. But a company spokesman, commenting on the figure of 1,000 planes reported by The Sunday Times, said, "We haven't talked numbers." The spokesman said a contract would take at least two years to negotiate.

Britten Hill Pty.'s managing director, Brian Loton, advised shareholders not to sell their holdings. In heavy trading last week, several brokers said that Adelaide Steamship Co. and Robert Holmes à Court's Bell Group Ltd. between them held about 14 percent of Broken Hill.

Ford Motor Co. resumed production Monday at its assembly plant in Lorain, Ohio, after 5,200 members of the United Auto Workers voted to end a two-week strike over local health and safety issues.

Mostek Malaysia Sdn, a subsidiary of United Technologies Corp., said it was cutting back operations at its Penang plant because of the prolonged downturn in the semiconductor industry. Most of its output is exported to the United States.

Richardson-Vicks Inc. said Monday that it had increased to 7 million the number of its common shares it planned to repurchase in

resisting a takeover offer from Unilever. It said it had repurchased about 5 million shares as of Friday.

Société Métallurgique le Nickel announced parent company net

profit of 144 million French francs (\$16.6 million) in the first half of 1985, after a loss of 67 million francs in the 1984 period. It said a decline in the market and developments in exchange rates would have an unfavorable influence on results in second half 1985.

Technip SA, the French engineering group, is to build a plant in Egypt to produce 100,000 tons of flat glass annually, under a \$107-million turnkey contract signed in Cairo.

United Parcel Service said it would begin service between the United States and Western Europe on Oct. 7. European countries served will be Belgium, Britain, France, Luxembourg, the Netherlands and West Germany.

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CURRENCY MARKETS

Dollar Skids 5% Against Major Currencies

Compiled by Our Staff From Dispatches
LONDON. — The dollar plunged 5 percent against major currencies Monday to end at its lowest levels since June, 1984, in response to a decision by the top five industrial nations to force down the U.S. currency.

Dealers said markets were in turmoil with no consensus on whether the dollar's plunge was short-term, or the beginning of a real decline.

Some predicted a mild recovery after the initial selling wave was over.

"It was a dash to see who could get out of their dollars fastest," said a London-based dealer for a large U.S. bank.

"In London, the U.S. currency lost about six cents against the British pound, nearly 14 pennings against the West German Deutsche mark, 11 centimes against the Swiss franc and 40 centimes against the French franc.

"We were shocked," one Frankfurt dealer said. "Everyone knew there would be a reaction and that the dollar would come down, but I don't think anyone expected this."

After a slight recovery late in the session from the day's low, the dollar closed at 15-month lows in London.

The currency ended at 2.7284 DM, down 14 pennies from 2.8493 on Friday, at 8.3195 French francs, down 40 centimes from 8.6980, and at 2.2385 Swiss francs, down 16 centimes from 2.3423.

The British pound surged to \$1.4290 from \$1.3680, its strongest close against the dollar since the end of July, but it had eased from a mid-level of \$1.4315.

At midmorning in Europe, the dollar was fixed in Frankfurt at 2.7248 DM, down from 2.8862 on Friday; at 8.245 French francs in Paris, down from 8.7990, and at 1.83150 Swiss francs, down from 1.9380. In Zurich, the dollar closed at 2.2315 Swiss francs, down from 2.3505 on Friday.

In London, the dollar fell to 231.80 Japanese yen from 241.29. Foreign-exchange markets were closed Monday in Tokyo for a national holiday.

The dollar's fall came the day

(Reuters, AP, IHT)

THE EUROMARKETS

Focus Is on Novel Issues in Primary Sector

By Christopher Pizzey
Reuters

LONDON — The dollar-straight and floating-rate sectors of the Eurobond market gave up early morning gains to end little changed from Friday's closing levels, dealers said Monday.

Dollar-straight prices had risen by up to 1/2 point after Sunday's meeting of five industrial nations in Washington. In the meeting, finance ministers agreed to cooperate closely to encourage a lower dollar. But, in the afternoon, U.S. credit markets began to ease and prices in London followed.

The secondary market did not dominate interest Monday; some novel issues were launched in the primary sector.

The U.S. Federal Mortgage Insurance Corp. made its debut on the Eurobond market with a \$100-million issue of mortgage participation certificates. The is-

sue, in targeted registered form, was led by Salomon Brothers International.

It has a 10 1/2-percent coupon and is priced at 100 1/4. It will pay interest and a portion of principal monthly, with the amount of principal to be repaid being published monthly. Although the formal maturity is in the year 2000, the expected prepaid life is about 10 years.

The borrower recently issued a related offering in the United States that, like Monday's, is backed by multifamily mortgages. The issue was quoted on the when-issued market at a discount of 1/8, compared with the total fees of 2 1/4 percent.

Another novel issue was the launching of a dollar-straight by a specially formed company, which is secured by \$102 million in the recent \$2.5-billion floating-rate note for Britain. The borrower was bearer United Kingdom Securities

Ltd., with the issue paying 9 1/2 percent over three years and priced at 100 1/4.

The joint lead managers for the issue were Hill Samuel & Co., Barclays, Merchant Bank Ltd. and Merrill Lynch Capital Markets.

A Barclays official said the lead manager felt the issue would be attractive to investors and added, "It's a way for investors to get 3-year U.K. paper, and that's not all that common." The issue was well bid inside its total fees of 1 1/2 percent at a discount of 1/8 percent on when-issued market.

The other issue in the dollar-straight market Monday was a \$100-million bond for International Paper Co. The eight-year arrangement pays 10 1/2 percent and was priced at par.

It was lead managed by Morgan Stanley International. It ended at 2 1/4 percent, less than its total fees of 2 percent.

Still Awaiting The Trade

(Continued from Page 11)

stock and other funds are guided by computer programs that depend heavily on historical price and volume data. Because all stock-index futures and options markets are a relatively new phenomenon, and largely consist of man-made indexes, such historical data may not be available for several more years.

With the banks still garnering the lion's share of foreign-exchange business, Liffe's top executives expect their exchange will continue to depend largely on its financial futures contracts — which cover British Treasury issues ranging from short-term bills to 20-year bonds, as well as long-term U.S. Treasury bonds and 90-day Eurodollar interest rates.

In all, Liffe trades 2.2 million of such financial futures in the first eight months of 1985, compared with nearly 2.6 million last year. The decline in volume largely reflected an easing of interest rates and inflation on both sides of the Atlantic during 1985, according to the exchange's officials.

Still, most aviation experts are betting that the recent troubles do not indicate fundamental design flaws in the JTBD engine. One possibility involves the issue of whether the engines that failed had been maintained properly.

Airlines, which decide what engines they want installed in new planes they order, do not appear to have lost faith in Pratt & Whitney.

Many airline executives echo the view of Ray Valeika, vice president of maintenance and engineering at Pan American World Airways, who said recently, "I have not seen what I would say is a new problem or that there is something basically wrong with the engine."

Last January, Pan Am chose Pratt & Whitney and International Aero Engines, a consortium formed by Pratt & Whitney, to build the advanced engines for its 28 Airbus jets, which are due to be delivered between mid-1987 and 1990.

Despite the improved engines, Pratt & Whitney's grip on the market has loosened somewhat. Gener-

al Electric Co. and Rolls-Royce Ltd. (which spun off its automobile-manufacturing branch in a 1971 reorganization) began winning a bigger market share when larger planes such as the Boeing 747 required more powerful engines than the JTBD.

But while Pratt & Whitney tries to win back its market share with its improved engines, it still pays considerable attention to the old workhorse.

The JTBD's chief maintenance problem seems to have involved cracks that appeared in a combustion chamber. In jet engines, the greatest wear occurs at hot spots in the thin sheet metal that surrounds the rotors of the turbine, and this sometimes results in cracks. Pratt & Whitney does not consider them unusual and has issued repair recommendations.

After the first reported failure, in which parts of the engine pierced its casing, Pratt & Whitney sent a letter to all its customers in January 1980, telling them that if pilots noticed a slow start and slow acceleration of a JTBD engine, the combustion chambers should be checked.

Last year, because the engine had been involved in previous mid-air emergencies, the Federal Aviation Administration ordered modifications and new inspection procedures on the JTBD-15. This is the type that failed on the British Airways plane.

The British Civil Aviation Authority, in a preliminary report

said he expects no defections. "People who buy these have perspective," he said. "They know the market."

Industry analysts also say they have noticed no noticeable effect on Pratt & Whitney from the accident.

"The impact on the company, I still think, is essentially nil," Wolfgang Demuth, aerospace analyst for First Boston Corp., said. "The engine, over all, has the best reliability record of any jet engine in the country, I believe this, even with the last two accidents factored in."

Whatever the findings, Pratt & Whitney is not likely to easily shift its position as the top maker of civilian-aircraft engines. It became No. 1 in the 1960s when United Airlines and Eastern Airlines chose its engines over those of Rolls-Royce Ltd. for such major planes as the Boeing 727.

The JTBD came on the market in 1964, when most airlines were converting their fleets to jet planes. At that time there was little competition in the commercial market.

Today the JTBD makes up less and less of Pratt & Whitney's production as its newer engines come into use. They are more fuel-efficient and cheaper to maintain with fewer parts. In 1984 Pratt & Whitney's commercial-products division shipped 455 engines, and 250 of them were JTBDs.

Despite the improved engines, Pratt & Whitney's grip on the market has loosened somewhat. Gener-

al

Electric

and

Rolls-Royce

Ltd. (which spun off its automobile-manufacturing branch in a 1971 reorganization) began winning a bigger market share when larger planes such as the Boeing 747 required more powerful engines than the JTBD.

Pratt & Whitney has used some of the proceeds of the JTBD to develop newer models. Under Harry J. Gray, chairman and chief executive of United Technologies, the Pratt & Whitney Group continued to spend heavily on research and development even when the engine market went through a severe recession from 1979 to 1982.

Pratt & Whitney is the only manufacturer that has developed totally new engines, including the PW307 for the Boeing 757, the PW4000 for larger jets such as the Boeing 767 and the V2500 for the Airbus A320.

Its major competitors — General

Electric

and

Rolls-Royce

— are relying on derivatives of existing engines. They argue that such a strategy is cheaper and will give them engines that can match Pratt & Whitney's.

British Export Orders

Are Down, Survey Says

Reuters

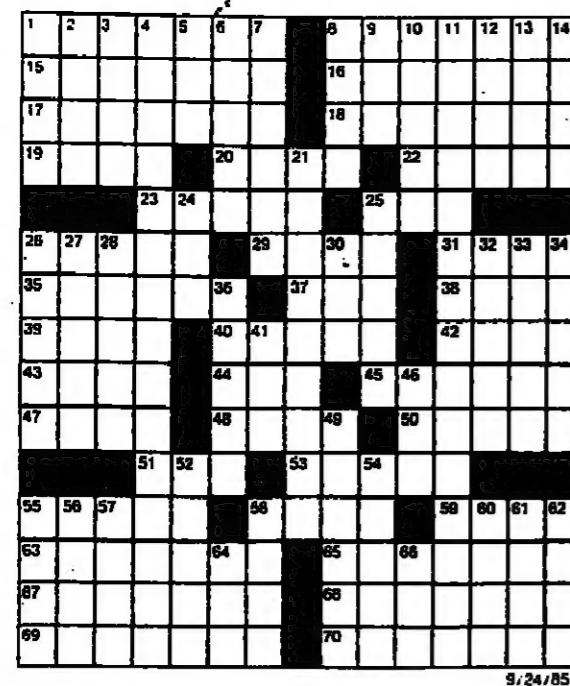
LONDON — Export orders secured by British companies have dropped to their lowest level in more than a year, a monthly survey of manufacturing trends by the Confederation of British Industry said Monday.

The organization said the fall illustrates difficulties posed by high British interest rates, a stronger pound and volatile exchange rates.

Monday's OTC Prices

NASDAQ prices as of 3 p.m. New York time.
Via The Associated Press

	12 Month High Stock	12 Month Low Stock	Sales in 1984	Div. Yld.	1985 High	1985 Low	3 P.M. Close	Net Change
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ACROSS
 1 An archangel
 8 Supreme Court Associate Justice: 1932-38
 15 Intensity
 16 Escorted
 17 Celebrity status
 18 Ireland's Abbey
 19 Court target
 20 Guitar's cousin of yore
 22 Grecian mountain
 23 "I Would Leave You"
 25 Mr. Kibbles
 26 Mother-of-pearl
 29 Cooking direction
 31 What is it
 35 Martini garnishes
 37 Sept. 20, 1984, e.g.
 38 "I cannot tell"

DOWN
 1 Netting
 2 Division word
 3 —Phraya, Thai river
 4 Jeannie C. Riley's 1968 song hit
 5 R —R (leave)
 6 School, in Paris
 7 Nocturnal primates
 8 Attractive
 9 Cigar up
 10 Ostriches' cousins
 11 Popular radio series: 1930-45

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DENNIS THE MENACE



"I'M GLAD THEY FINALLY GOT HIM A BICYCLE. AT LEAST THAT SHOULD SPREAD HIM OVER A LARGER AREA!"

JUMBLE.

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

GEDUN

USSEO

TERAH

GOHUT

Yesterday's Jumble: PLAIT SUITE INJECT PASTRY
 Answer: THE PRICE OF SEATS

(Answers tomorrow)

WEATHER

EUROPE	HIGH		LOW		ASIA	HIGH		LOW	
	C	F	C	F		C	F	C	F
Alzorve	27	81	15	52	15	81	15	52	15
Asterdam	27	81	15	52	15	81	15	52	15
Athens	27	81	15	52	15	81	15	52	15
Barcelona	27	81	15	52	15	81	15	52	15
Berlino	27	81	15	52	15	81	15	52	15
Berlino	27	81	15	52	15	81	15	52	15
Brussels	20	86	12	57	12	86	12	57	12
Bucharest	30	86	12	57	12	86	12	57	12
Calcutta	27	81	15	52	15	81	15	52	15
Costa Del Sol	30	86	12	57	12	86	12	57	12
Dublin	14	21	5	38	5	21	5	38	5
Florence	29	84	13	55	13	84	13	55	13
Geneva	24	75	10	50	10	75	10	50	10
Helsinki	11	22	1	37	1	22	1	37	1
Ibiza	27	81	15	52	15	81	15	52	15
Las Palmas	29	79	17	53	17	79	17	53	17
Lisbon	29	79	17	53	17	79	17	53	17
Madrid	24	82	14	57	14	82	14	57	14
Milan	24	75	10	50	10	75	10	50	10
Moscow	29	79	17	53	17	79	17	53	17
Nice	27	77	19	56	19	77	19	56	19
Oslo	24	75	10	50	10	75	10	50	10
Paris	29	86	12	57	12	86	12	57	12
Praha	18	34	4	39	4	34	4	39	4
Riga	10	26	4	37	4	26	4	37	4
Rome	29	86	12	57	12	86	12	57	12
Stockholm	12	32	3	37	3	32	3	37	3
Strasbourg	24	75	10	50	10	75	10	50	10
Vienna	24	75	10	50	10	75	10	50	10
Vienna	14	29	9	45	9	29	9	45	9
Zurich	27	77	19	56	19	77	19	56	19

MIDDLE EAST

Antakya 29 84 3 37 Ir
 Beirut 34 93 20 58 o
 Damascus 33 92 22 55 Ir
 Jerusalem 37 92 22 55 Ir
 Tel Aviv 31 88 28 55 cl
 OCEANIA

Auckland 14 61 9 48 o
 Sydney 20 86 11 52 cl
 cl-Cloudy: fo-hair: h-half: d-overcast: ac-sunny: cloudy: r-rainy: s-shower: sw-snow: t-stormy.

TUESDAY'S FORECAST — CHANNEL: NA. FRANKFURT: Overcast. Temp. 71° F (21° C). Wind: N 10-15 mph. Wind gusts: 25 mph. Temp. 20-25 (68-70° F). NEW YORK: Cloudy. Temp. 17 (72-61° F). PARIS: Cloudy, early, fair later. Temp. 20-16 (71-61° F). ROME: Fair. Temp. 29-31 (84-88° F). ROMA: Partly cloudy, 20-24 (71-74° F). TOKYO: Partly cloudy, 20-24 (71-74° F). KOREA: Thunderstorms. Temp. 31 (88° F). HONG KONG: Cloudy, 23 (80-77° F). MANILA: Thunderstorms. Temp. 22-24 (70-75° F). SEOUL: Rain. Temp. 22 (72° F). SINGAPORE: Thunderstorms. Temp. 26-23 (80-77° F). TOKYO: Rain, temp. 18-17 (64-63° F).

PEANUTS



BLONDIE



BEETLE BAILEY



ANDY CAPP



WIZARD of ID



GARFIELD



BOOKS

GALAPAGOS

By Kurt Vonnegut. 312 pages. \$16.95. Delacorte Press, 1 Dag Hammarskjold Plaza, New York, N.Y. 10017.

Reviewed by Michael Bishop
CONSIDER the human brain, urges Kurt Vonnegut in "Galapagos." Its size has doomed us to evolutionary failure, sucking us down a primrose path of misconceptions, neuroses and crackpot notions to inevitable extinction.

Suppose we could sidestep extinction by jettisoning large pieces of our cerebral furniture, trading in our hands for flippers and dining exclusively on fish. In the long run, wouldn't these sacrifices be improvements? In "Galapagos," which often has the flavor of a jeremiad delivered more in sorrowful whimsy than in angry disgust, Vonnegut expertly stacks the deck to force us to conclude that torturing our big brains would be far better than (1) continuing to inflict our vicious selves on this planet or (2) going the way of the dodo.

To structure this simultaneously funny and harrowing novel — his most controlled and inventive since "Slaughterhouse Five" — Vonnegut has stood a hoary science-fiction cliché on its head. Almost to a person, sci-fi writers have bought the premise that only greater brainpower will ensure humanity's survival. The superman has been a staple in speculative fiction from H. G. Wells's "The Food of the Gods" through such "classics" as "Childhood's End" by Arthur C. Clarke. Vonnegut, who rigorously eschews genre classification, frog-marches the post-Darwinian concept of the superman right back to the sea. "Galap-

agos," is both a harrowing litany of big-brain abuses against life and good order and a semi-hilarious paean to the joys of devolution.

Seven people have gathered to sail to the Galapagos Islands on a trip billed as "the Nature Cruise of the Century," but a world monetary crisis and the outbreak of war between Peru and Ecuador — among other disasters, including the sudden appearance of a bacterium that renders women permanently sterile — conspire to turn a couple of these people into the ancestors of the happily devoled seagoing human beings who people the Ecuadorian isles in A.D. 1001/86.

The novel's narrator is the ghost of Leon Trotsky Trout, son of the not-so-famous sci-fi writer Kilgore Trout. Leon's spirituality permits him to get inside the other characters' heads and provide sardonic commentary on the action, the bulk of which takes place between 1986 and 2016. Most of this gentle rant centers on the duplicity and domineering arrogance of humanity's three-kilogram brains.

"Even at this late date, I am still full of rage at a natural order which would have permitted at the evolution of something as distorting and irrelevant and disruptive as those great big brains of a million years ago. If they had told the truth, then I could see some point in everybody's having one. But these things lied all the time."

The other characters include Mary Hepburn, a widow and former biology teacher from Ilium, New York; James Wait, who marries widows for their money and then deserts them; Zenji Hiroguchi, the inventor of a simultaneous voice translator called Golubi and of an advanced model called Mandarax that can diagnose a thousand human illnesses as well as foreign malapropisms quotations from world literature; and the brothers von Krieg: Sigurd, owner of a tourist hotel and victim of Huntington's chorea; and Adolf, captain of the cruise ship and later the unsuspecting progenitor of all of latter-day humanity.

Vonnegut has nearly always resorted to *reductio ad absurdum* to score points against our species' most dismaying follies, and in "Galapagos" he does so again, as precisely as he has ever wielded this instrument. I can imagine readers insisting him for easy pessimism or simplistic misanthropy, but Vonnegut — in keeping with his advocacy of smaller brains — has never pretended to be a deep thinker along the lines of Sartre or Bellow.

Michael Bishop, author of the novels "No Enemy But Time," "Bloodied on Arachne" and, most recently, "Ancient of Days," wrote this review for The Washington Post.

Solution to Previous Puzzle

DAB	ALBA	PAID	UP
RUR	MARS	ENROBE	
ADO	BROWN	STONES	
MEWI	KWAI	ENERO	
ANNES	NYLONS		
SIPIE	ENNOBLE		
HAH	CRAB	SAUREL	
ACID	ENDOLA	TOTS	
STRES	ELA	HOE	
PETTIER	SELDAN		
ENTOMB	A SET		
ASONG	BORS	ETRE	
BUSTER	BROWN	URN	
CETERA	SWAN	DOT	
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SPORTS

Raiders Thrashed By 49ers

Compiled by Our Staff From Despatch

LOS ANGELES — The winners of four of the last five Super Bowls met here Sunday, and, surprisingly, it wasn't much of a contest.

"They outplayed us," said Los Angeles defensive end Lyle Alzado after the Raiders were thrashed, 34-10, by the San Francisco 49ers. "It

NFL ROUNDUP

was as simple as that." Said Raider safety Vann McElroy: "It was a total embarrassment."

Joe Montana threw two touchdown passes and linebacker Milt McColl ran 28 yards with a fumble recovery for another score as the 49ers rolled to a convincing National Football League victory.

It was the second straight triumph for the defending Super Bowl champions, who registered nine quarterback sacks in raising their record to 2-1.

Los Angeles also lost quarterback Jim Plunkett. Sacked by defensive end Jeff Stover, Plunkett left the game early in the fourth quarter with a dislocated left shoulder. He is expected to be sidelined at least six weeks.

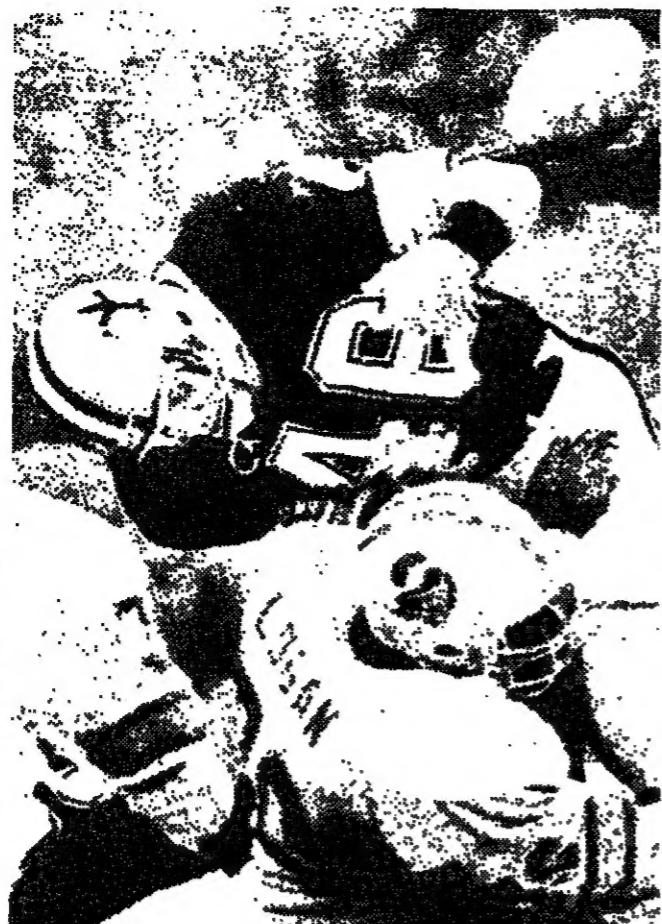
Montana fired touchdown passes of 20 yards to running back Roger Craig, 3:06 into the game, and of 14 yards to wide receiver Dwight Clark with 2:27 left in the third quarter.

McCull's TD came only 24 seconds after Clark had scored to cap an 80-yard drive and give the 49ers a 17-point lead. On the first play following the touchdown, Plunkett fumbled when hit by defensive end Jim Stuckey. McCull picked the ball up and raced into the end zone, making the score 27-3.

Montana completed 14 of 24 passes for 255 yards with no interceptions before coming out early in the fourth quarter. Plunkett hit on 34 of 34 for 258 yards and was intercepted once.

San Francisco had 224 yards in first-half total offense and 352 for the game. The Raiders logged only a total of 68 yards in the second half after accumulating 212 in the first 30 minutes.

Colts 14, Lions 6: In Indianapo-



Reuters/United Press International
Hokie Gajan had a rough Sunday (three fumbles), but New Orleans still won its first game of the year, 20-13, over Tampa Bay.

lis' reserve fullback George Wonsley rushed for a career-high 170 yards to spark the Colts past Detroit. Wonsley carried 27 times and also caught five passes for 32 yards.

The victory gave Rod Dowhower his first triumph as an NFL head coach, while Darryl Rogers suffered his initial NFL setback.

Saints 20, Buccaneers 13: In New Orleans, Dave Wilson threw two touchdown passes and Terry Hoage, playing strong safety in place of the injured Russell Gary, forced a fumble and intercepted a pass to lead the Saints to their first triumph of the year.

Broncos 44, Falcons 28: In Atlanta, John Elway fired three touchdown passes and Rich Karlis added three second-half field goals as Denver trounced the Falcons.

Giants 27, Cardinals 17: In East Rutherford, New Jersey, Phil Simms passed for three touchowns and rookie Jess Atkinson

kicked two field goals as New York ground St. Louis.

Dolphins 31, Chiefs 0: In Miami, Dan Marino threw for two second-half touchdowns and the Dolphins recorded their first shutout since Nov. 20, 1983. Marino was 23 of 35 for 258 yards and TD passes of nine yards to Bruce Hardy and 27 yards to Woody Bennett. Miami stopped the league's highest-scoring team — Kansas City had scored 33 points in its first two games.

Jets 24, Packers 3: In Milwaukee, Tony Paige scored two touchdowns, both set up by the defense, and tackle Tom Baldwin returned a fumble 9 yards for a score, pacing the New York Jets past Green Bay.

Chargers 44, Bengals 41: In Cincinnati, Bob Thomas kicked a 34-yard field goal with four seconds left to lift San Diego past the 0-3 Bengals. Charger quarterback Dan Fouts was 35-of-43 passing, for 344 yards and four TDs. (AP, UPI)

McGee SLL, 140-560, 100-200, 357 Pct., 100-100, 100-100, 100-100.

Guerrero L.A., 124-429, 97-141, 301 Pct., 100-100, 100-100, 100-100.

Raines Mon., 145-545, 101-173, 317 Pct., 100-100, 100-100, 100-100.

Sanderson Ch., 148-563, 101-176, 313 Pct., 100-100, 100-100, 100-100.

Porter S.L.A., 147-584, 78-182, 312 Pct., 100-100, 100-100, 100-100.

Gwynn S.D., 142-574, 75-177, 308 Pct., 100-100, 100-100, 100-100.

Oester Ch., 139-479, 55-146, 305 Pct., 100-100, 100-100, 100-100.

Scioscia L.A., 129-379, 42-118, 305 Pct., 100-100, 100-100, 100-100.

Cruz L.A., 133-379, 42-118, 305 Pct., 100-100, 100-100, 100-100.

Murphy, Atlanta, 113; McGea, S.L.A., 108; Reines, Montreal, 108; Coleman, St. Louis, 101; Sanderson, Chicago, 101.

RB1s: Porter, Cincinnati, 101; Beck, Minnesota, 101; Gwynn, San Diego, 101; Womble, Atlanta, 101; Beck, Minnesota, 101; Gwynn, San Diego, 101.

RB2s: Murphy, Atlanta, 101; Murphy, Atlanta, 101; Gwynn, San Diego, 101; Womble, Atlanta, 101.

RB3s: Evans, Detroit, 101; Fink, Pittsburgh, 101; Murphy, Atlanta, 101; Gwynn, San Diego, 101.

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